EEKA

ANNUAL REPORT 2023

EEKA FASHION
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)

MISSION

Combining the fashion
aesthetics, savoring
the exquisite life.

VISION

To become a globally
renowned Chinese
affordable luxury
brand management group.

VALUE

Excellence, openness,
innovation, responsibility.

CONTENTS

CORPORATE PROFILE

ABOUT EEKA FASHION

We are one of the leading and fast-growing middle and high-end womenswear companies in the People's Republic of China (the "PRC"). We have a unique brand culture concept, advanced research and development design center, sound marketing service system, efficient logistics and distribution and network management system. As at 31 December 2023, our brand portfolio comprises eight brands: 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.

Our business was established in 2007 by Mr. Jin Ming, our chief executive officer, chairman and executive director. Our "Koradior" brand is positioned to offer our customers romance and feminine designs. "La Koradior" brand was launched in September 2012 which is positioned to offer perceptual, elegant and romantic designs. "ELSEWHERE" brand was launched in September 2014, which is positioned to offer comfortable, tactile and relaxed aesthetic designs. We launched a new brand named "FUUNNY FEELLN" (referred to as "FF" brand) in January 2019, which is positioned to promote freedom and unrestraint, to achieve a youthful and unique women's lifestyle.

Shenzhen Mondial Industrial Co., Limited ("Mondial") became our wholly-owned subsidiary after the acquisition of 65% and 35% of its equity interest by the Group in July 2016 and November 2021 respectively, and with it the "CADIDL" brand, which is positioned to offer simple, elegant and quality clothing for urban women. We acquired Keen Reach Holdings Limited ("Keen Reach") in July 2019, which has three self-owned brands in the PRC, namely "NAERSI", "NEXY.CO" and "NAERSILING", all targeting affluent ladies between the ages of 30 and 45. "NAERSI" creates high-end clothing for professional women with both fashion and quality, highlighting the elegant spirit of "ease and comfort". "NEXY.CO" is dedicated to urban, chic women with a sophisticated, charismatic and refined image. "NAERSILING" embodies a free and artistic brand style, both business-like and unrestrained dress code.

Over the years, we have attached great importance to the brand's international influence, our brands have been invited to Milan Fashion Week and New York Fashion Week to showcase the charm of Chinese brands. We always emphasise that the brand is the root and creativity is the soul to customer lifestyle research, with brand culture as the foundation based on customer needs and the "Combining the fashion aesthetics, savoring the exquisite life" mission, focusing on product innovation and development and brand communication promotion, and continuing to lead womenswear fashion and life culture.

We have been selling our products through the third party e-commerce platform Tmall since 2011 in our flagship store and authorized merchant VIP.com. We launched the EEKA Fashion Mall based on WeChat ecological social e-commerce platform on 13 January 2020. EEKA Fashion Mall has opened up sharing mechanisms such as inventory, membership, marketing resources and other key elements to achieve a comprehensive upgrade of customer consumption experience. We also actively developed private domain malls, with specific focus on the Douyin live streaming sales model. In 2021, we fully expanded our presence on Douyin platforms.

Our products, which include dresses, skirts, trousers, shirts, knitwear, vests, jackets, overcoats, scarves and accessories, are sold across a nationwide sales network, majority of which consist of self-operated retail stores, covering 31 cities of provinces, autonomous regions and municipalities in the PRC.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. JIN Ming (Chairman and Chief Executive Officer)
Ms. HE Hongmei
Mr. JIN Rui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHOU Xiaoyu
Mr. ZHONG Ming
Mr. ZHANG Guodong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

26/F, B Block, Terra Licheng Building
Terra 4th Road
Futian District
Shenzhen, Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 812, 8th Floor, Tower 1, The Gateway,
Harbour City, No.25 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

COMPANY SECRETARY

Ms. WONG Wai Kiu (FCCA, FCG, HKFCG(PE), HKCGI Cert: ESG)

JOINT COMPANY SECRETARY

Mr. LEUNG Ka Wai

AUTHORISED REPRESENTATIVES

Mr. JIN Ming
Mr. LEUNG Ka Wai

AUDIT COMMITTEE

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

AUDITOR

Ernst & Young
Certified Public Accountants

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Pingan Bank
Shenzhen branch, Jinsha sub-branch

China Merchants Bank
Shenzhen branch, Tairan Jingu sub-branch

COMPANY WEBSITE

www.eekagroup.com

STOCK CODE

3709

2023 HONORS

1. The 6th New Fortune "Best IR Hong Kong Stock Company"

2. Xueqiu's "2023 Top 100 Listed Companies with Growth Power"

3. "Best ESG Award" at the 7th China Excellence IR Awards

4. "The First Prize of the 11th China National Textile Enterprise Association Innovation Achievement Award" by the China National Textile and Apparel Council

EEKA FASHION GROUP

5. The 13th Philanthropy Festival "2023 ESG Pioneer Enterprise Award"

6. Shenzhen Futian General Chamber of Commerce "2023 Most Socially Responsible Enterprise"

7. 2023 Best Investor Relations Company Award (Retail & Social Services)

8. NAERSI, La Koradior and CADIDL were awarded the "Top 10 Textile Innovative Products in 2023" by China National Textile and Apparel Council

9. Koradior won the "2022 Fashion Model Brand of the Year" at the 2022 (6th) China Brand Boao Summit

10. La Koradior won the "Top 10 Influential Brands of 2022" at the 2022 (6th) China Brand Boao Summit

AND AWARDS

EEKA FASHION GROUP'S BRANDS

11. La Kordi Fashion Company was awarded the title of "Top 50 Chain Operator in Shenzhen in 2022" and "Top 20 Chain Brand in Shenzhen in 2022" by Shenzhen Chain Store & Franchise Association

12. Koradior won the "Greater Bay Top Award" and "Shenzhen Top 10 High-quality Development Brand Award" by Shenzhen Retail Business Association

13. NEXY.CO and Koradior won the 11th "Governor Cup" Industrial Design Competition

14. Koradior won the "2023 Guangdong Famous Clothing Brand Evaluation Project Leading Brand" at the 2023 Guangdong Famous Clothing Brand Enterprise Commendation Conference

15. La Kordi Fashion Company and Shenzhen Naersi are both ranked among "the Top 500 manufacturing enterprises in Guangdong Province in 2023"

MR. JIN MING, CHAIRMAN OF THE BOARD OF DIRECTORS OF EEKA FASHION

16. Gelonghui "Golden Awards" "Outstanding Leader of the Year"

MS. WONG WAI KIU, COMPANY SECRETARY

17. "2023 Best Board Secretary Award" by Ju Dong Mi

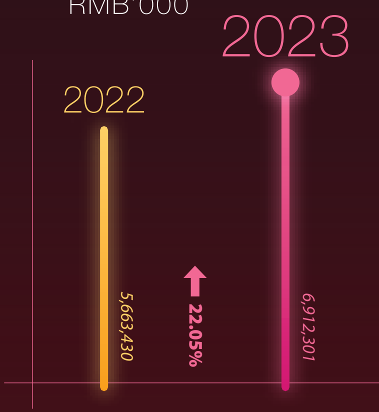
INVESTOR RELATIONS TEAM

18. "The 3rd Best IR Team of Hong Kong Stocks" by Comein Finance

19. "Best Leader Award" at the 7th China Outstanding IR Awards

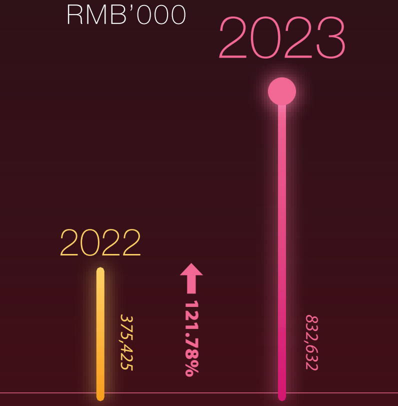
FINANCIAL HIGHLIGHTS

REVENUE
RMB'000

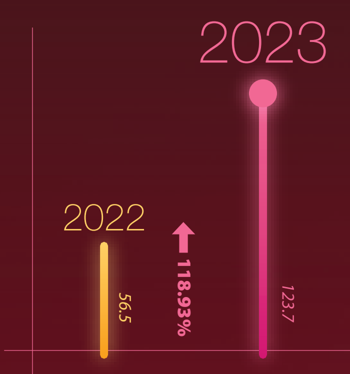


GROSS PROFIT
RMB'000

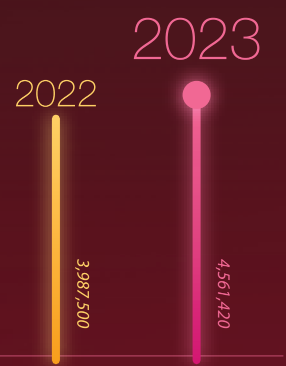
NET PROFIT
RMB'000



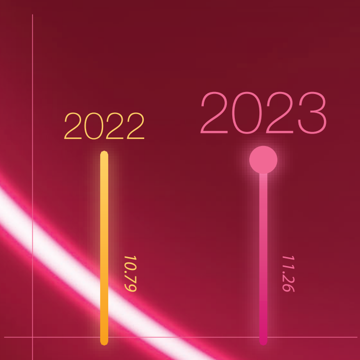
EARNINGS PER SHARE - BASIC
RMB Cents



NET ASSETS
RMB'000



GEARING RATIO
(%)



	Year ended 31 December		
	2023 RMB'000	2022 RMB'000	Increase/(Decrease) %
Revenue	**6,912,301**	5,663,430	22.05%
Gross profit	**5,204,988**	4,254,420	22.34%
Net Profit	**832,632**	375,425	121.78%
Net cash flows from operating activities	**1,569,207**	1,701,789	(7.79)%
Earnings per share[1]			
– Basic (RMB cents)	**124**	57	
– Diluted (RMB cents)	**122**	56	
Profitability Ratio (%)			
Gross margin	**75.30%**	75.12%	0.18% point
Net margin	**12.05%**	6.63%	5.42% point
Dividend per share (HK cents)			
– Ordinary final	**70**	40	

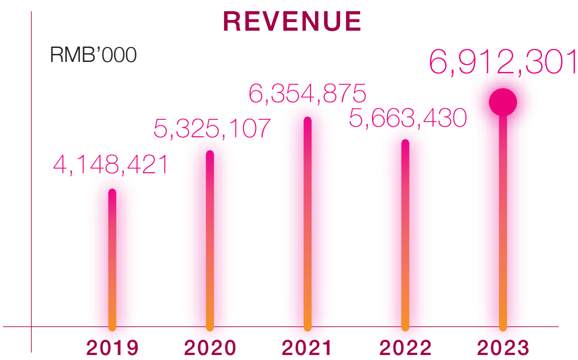
	At 31 December	
	2023	2022
Liquidity Ratio		
Current ratio[2] (times)	**1.78**	1.60
Trade and bills receivables turnover days[3]	**31.41**	34.52
Trade and bills payables turnover days[4]	**93.61**	86.60
Inventory turnover days[5]	**232.65**	255.88
Capital Ratio		
Gearing Ratio[6]	**11.26%**	10.79%
Interest coverage ratio[7] (times)	**21.41**	9.25

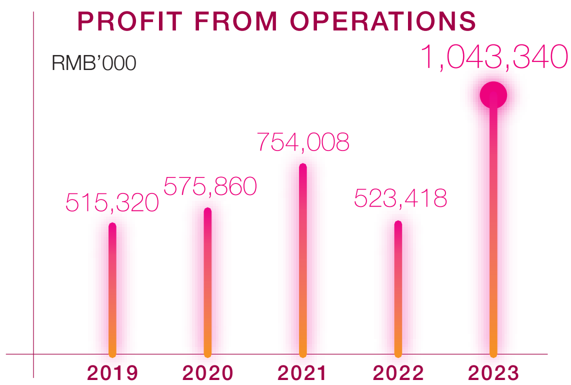
Key ratios:

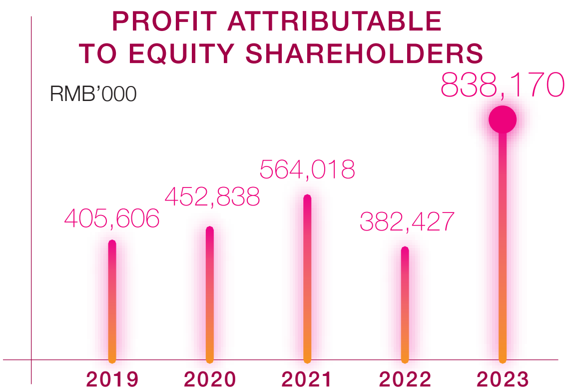
1. Basic earnings per share = Profit attributable to equity shareholders of the Company/Weighted average number of ordinary shares (the weighted average number of shares in 2023 was 677,427,339 versus 676,954,719 in 2022)
2. Current ratio = Current assets/Current liabilities
3. Trade and bills receivables turnover days = Average of opening and closing balances on trade and bills receivables/Revenue x 365 days
4. Trade and bills payables turnover days = Average of opening and closing balances on trade and bills payables/Cost of sales x 365 days
5. Inventory turnover days = Average of opening and closing balances on inventory/Cost of sales x 365 days
6. Gearing ratio = Total bank and other borrowings/Total equity x 100%
7. Interest coverage ratio = Profit before interest and tax/Interest expenses

FINANCIAL SUMMARY

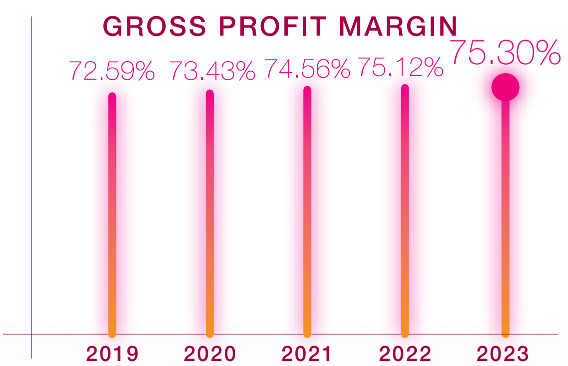
	Year ended/as at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**6,912,301**	5,663,430	6,354,875	5,325,107	4,148,421
Gross Profit	**5,204,988**	4,254,420	4,737,986	3,910,252	3,011,224
Profit from operations	**1,043,340**	523,418	754,008	575,860	515,320
Profit attributable to shareholders	**838,170**	382,427	564,018	452,838	405,606
Assets and liabilities					
Non-current assets	**3,480,144**	3,623,133	3,615,899	3,335,842	3,380,525
Current assets	**3,549,656**	2,634,550	2,616,095	2,409,520	2,131,836
Current liabilities	**1,989,273**	1,648,876	1,634,022	1,688,065	1,796,373
Net current assets	**1,560,383**	985,674	982,073	721,455	335,463
Total assets less current liabilities	**5,040,527**	4,608,807	4,597,972	4,057,297	3,715,988
Non-current liabilities	**479,107**	621,307	664,494	579,222	539,485
Shareholders' Equity	**4,576,907**	3,997,449	3,939,477	3,455,988	3,140,952
Basic earnings per share (RMB cents)	**124**	57	84	67	69
Diluted earnings per share (RMB cents)	**122**	56	81	66	69
Shareholders' equity per share (RMB)	**6.50**	5.68	5.60	5.04	4.58
	HK cents	HK cents	HK cents	HK cents	HK cents
Dividend per share					
– Ordinary final	**70**	40	48	38	16
– Special interim	**–**	–	–	16	–
Total	**70**	40	48	54	16

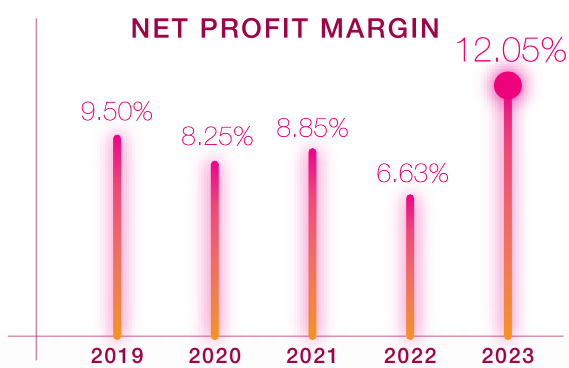

REVENUE
RMB'000
4,148,421
5,325,107
6,354,875
5,663,430
6,912,301
2019
2020
2021
2022
2023


PROFIT FROM OPERATIONS
RMB'000
515,320
575,860
754,008
523,418
1,043,340
2019
2020
2021
2022
2023


PROFIT ATTRIBUTABLE
TO EQUITY SHAREHOLDERS
RMB'000
405,606
452,838
564,018
382,427
838,170
2019
2020
2021
2022
2023


BASIC EARNINGS PER SHARE
RMB cents
69
67
84
57
124
2019
2020
2021
2022
2023


GROSS PROFIT MARGIN
72.59%
73.43%
74.56%
75.12%
75.30%
2019
2020
2021
2022
2023


NET PROFIT MARGIN
9.50%
8.25%
8.85%
6.63%
12.05%
2019
2020
2021
2022
2023

2023 MILESTONE

JANUARY

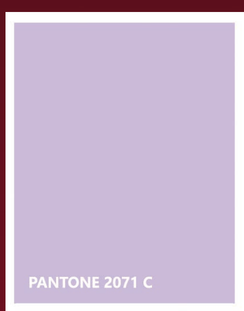
La Koradior was specially invited to participate in the Singapore Culture Gala "Shangyuan Hui"

La Koradior was invited to participate in the Singapore Chinese New Year's Culture Gala, which was hosted by the Chinese Embassy in Singapore, La Koradior was also the only apparel exhibiting brand at this event, displayed the "Gilded illusion" haute couture cape dress of the intangible cultural heritage art collection.

FEBRUARY

La Koradior & ELSEWHERE Brand upgrade

La Koradior launched the brand colour: La-Purple



ELSEWHERE has released its brand flower, Daisy, and upgraded its brand logo, changing its written form from the previous "Koradior elsewhere" to "ELSEWHERE".

MARCH

CADIDL created the "Brilliant Set" Intelligent and Elegant Suit Festival

CADIDL created the "brilliant set" intelligent and elegant suit festival through activities such as theme story videos, group portrait interpretation "intelligent and elegant COO" column and PR exhibition, with the theme color of CADIDL gray and first sight pink with the focus on core customer groups to promote CADIDL's core category sets and brand two theme colors.

APRIL

Koradior created "Dress Festival".

Koradior created PR exhibitions, celebrity and magazine collaborations, catwalks and other activities, which focused on the theme of "Dress Dancing, Elegant Everlasting". Koradior's close friend Zhu Jiejing, collaborated with us on the "Dress Festival" to interpret Koradior-style romance, highlighting the brand color "rose red", the brand symbol "linear rose", and the brand classic "K Dress".

MAY

"EEKA Fashion Cup" The 28th China Fashion Design Newcomer Award

EEKA Fashion has sponsored the China Fashion Design Newcomer Award for many consecutive years, and the "Newcomer Award" is one of China's most authoritative and top professional selection activities. EEKA Fashion co-organized the event with the China Fashion Association, demonstrating the commitment to bringing China's emerging design talents to the fore.

JUNE

ELSEWHERE Summer Island Project

ELSEWHERE launched the "Summer Island Project" to explore sustainable fashion, collaborated with "New Paradise" magazine to launch an online art exhibition. ELSEWHERE cross-border cooperation with three marine artists to explore marine environmental protection art, and call on everyone to care for marine ecology through three sets of art exhibits.

JULY

Koradior officially announced its new spokesperson: Lily Collins

Koradior officially announced Hollywood superstar Lily Collins as the new brand image spokesperson, promoting the brand's romantic and feminine style, strengthening brand recognition, and interpreting elegant and chic romantic fashion.

NEXY.CO 7·18 Brand Day Skyline Show

On the 4th NEXY.CO Brand Day, the spokesperson Yuan Quan, brand friends, and fashion bloggers were invited to appear in the skyline show. The show used the brand flower Magnolia as the symbol of wisdom, and the brand color NEXY.CO green as the main color, presenting the brand style of intellectuality, simplicity and wisdom.

AUGUST

NAERSI 818 Brand Day "NEW 1950S Elegant Vintage".

NAERSI has created a series of activities which focused on the theme of "NEW 1950S Elegant Vintage", such as theme shows, micro-film premieres, celebrity meet-and-greets, blues exhibitions, and magazine collaborations to shape the elegant image of the brand.

SEPTEMBER

ELSEWHERE 920 Knitting Art Festival

With the theme of "Realm of Relaxation", ELSE-WHERE highlights the brand's comfortable, tactile relaxing style with tactile quality through major shows, blockbusters, art exhibitions, micro-films, magazine collaborations and other activities. Inspired by the brand animal orange cat "Daisy", using knitted texture, integrating the brand flower daisy and the brand color ELSEWHERE Yellow to create a "relaxing" image.

OCTOBER

FUUNNY FEELLN officially announced Jinchen as brand spokesperson

FUUNNY FEELLN invited Jin Chen to be the brand spokesperson to promote the cool girl style of "modern, independent, free and dreams", and establish a classic matching image of FUUNNY FEELLN with lapel short jacket and jeans.

NOVEMBER

La Koradior haute couture dress with Suzhou embroidery on travelling exhibition at Louvre Museum in Paris, France

Following the launch of La Koradior's "Chinese Intangible Cultural Heritage Embroidery Art Exhibition" at the China Cultural Center in Paris, France, its Suzhou embroidery joint series "Purple Orchid" haute couture gowns toured the "Salon International du Patrimoine Culturel" at the Louvre Museum in Paris, France, showing the aesthetics of oriental embroidery to the world.

DECEMBER

EEKA Fashion donated warm clothes that worth RMB20 million to Gansu and Qinghai

EEKA Fashion proactively joined hands with Shenzhen Charity Federation to donate more than RMB20 million of down coats, cotton padded coats and other warm clothes to the areas affected by the earthquake in Gansu and Qinghai through the Qing Hai Charity Federation to help people in the disaster areas resist the cold spell and actively carry out post-disaster reconstruction of that area.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear shareholders of EEKA Fashion Holdings Limited,

On behalf of the board of directors (the "Board") of EEKA Fashion Holdings Limited (the "Company" or "EEKA Fashion"), I am pleased to present the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023.

The first year of the new world after the end of the pandemic in 2023, we pay tribute to the dedication and efforts of every employee in challenging times. They have run amidst difficulties, held onto hope in setbacks, and carried the strength and resilience of EEKA Fashion. In this year, we salute the shareholders who have stayed with us at EEKA Fashion, demonstrating their trust in the midst of turbulent market changes. This trust and commitment to our long-term value are truly precious.

In this year, we also continued our relentless efforts. The Company achieved record-breaking business scale, with retail sales reaching nearly RMB9 billion and net profit surpassing RMB800 million. What's even more remarkable is that despite the extremely adverse consumer environment in recent years, we not only maintained our leading market position but also significantly improved our profitability.

There is no "best" era, nor is there a "worse" era. There is only an ever-changing era. The changes of the times have led to disruptive transformations in many industries. Each upheaval is like a big wave, where the sands are sifted and the gold is revealed. In a great era, there is no smooth path, nor an unchanging one. Great companies inevitably go through cycles of renewal and baptism of fire. In the current era, uncertainty has become the norm, and economic downturn serves as an accelerator for business differentiation and enhanced competitive capabilities. However, the main theme of business competition always revolves around continuous transformation, innovation, and adaptation to the uncertain environment. EEKA Fashion is earnestly listening to the voice of this era, facing the reality of consumer changes, grasping the laws of change and constancy, continuously reforming, and evolving in order to establish a competitive advantage in an uncertain environment.

In 2023, we upgraded the Company's mission and vision comprehensively. EEKA Fashion is embarking on a mission of "integrating fashion aesthetics, and enjoying a quality lifestyle," with the vision of becoming a "globally renowned Chinese affordable luxury brand management group." The new strategy still revolves around the core strategies of "multi-brand, omni-channel, platformization, and upstream-downstream integration," opening up the ceiling for expansion across all categories and markets. We are transitioning from a channel-driven and operation-driven approach to a product-driven and brand-driven strategy. In 2023, we adhere to a consumer-centric business philosophy, focusing on the management goal of optimizing the excellent product system, promoting "large-scale excellence" format adjustments, constructing a more scientific brand

integration marketing system, solidifying a high-quality and efficient supply chain system, and overall enhancing the team's capabilities in various areas. In 2023, we achieved a year-on-year revenue growth of over 20%, a net profit growth of over 120%, a 27% increase in store efficiency, a 23-day decrease in inventory turnover, an increase in the number of 200-square-meter flagship stores to 361, and the addition of two spokespersons, Lily Collins and Jin Chen, among other positive business outcomes.

The colder the winter, the more resolute our investment in the future needs to be. We are committed to accelerating the upgrading of existing assets and creating new growth. In 2024 and the next five years, EEKA Fashion's core strategy is to adhere to a leading system and approach, continually build new growth tracks, drive growth through new strategies, and open up new markets through new positioning. We will insist on long-term brand investment, focus on the "number one strategy" in women's fashion business, accelerate product upgrades and channel enhancements. Significant breakthroughs will be made in other categories and regional markets. We need new brands, new channels, new products, new materials, new communications, new processes, and new market breakthroughs, and we are daring to undergo continuous self-transformation. We will always pursue the continuous improvement of operational efficiency and profitability, adhere to long-termism and altruism, and invest in brands, technology, and talents. After thirty years of accumulation, EEKA Fashion possesses the power of long-term growth. "From a tiny seed to a towering tree" is both a reflection of the past and an expectation for the future. Today, the silhouette of EEKA Fashion's great tree is emerging. The trunk represents our core business, the dense branches represent the innovative increment we seek, and the excellent corporate culture, advanced platform system, and the methodology of a connected business model are the roots of this great tree, only through steadfast growth can it thrive indefinitely.

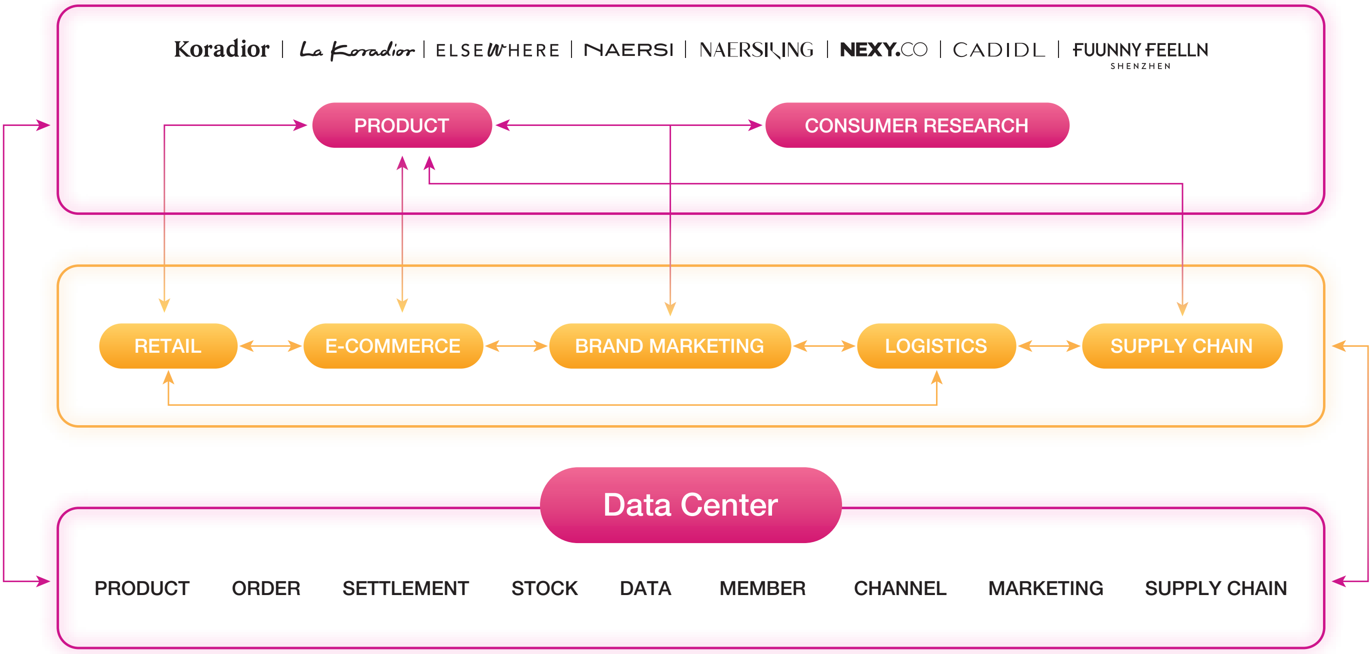
"Once the red sun rises, we remain on par with the heavens." In every major turning point of an era, there are those who can transcend cycles and stand tall. We firmly believe that Chinese companies in the realm of luxury can reach the pinnacle of the world, and we believe in the power of belief. In 2024, our brands, channels, and products will enter a new multiplier stage. As EEKA Fashion celebrates its tenth listing anniversary, we will strive to become the first Chinese affordable luxury brand management group with retail sales exceeding RMB10 billion and net profit surpassing RMB1 billion. However, we also know that after thirty years of diligent cultivation, our platform system has a solid foundation, our multi-brand matrix is gradually reaching its prime. In 2025, 15 billion, in 2026, 18 billion... these are just the beginning of the vast ocean of possibilities. With great power comes great responsibility, and lofty aspirations lead to distant horizons. On our journey ahead, we look forward to continuing to witness the steady growth of EEKA Fashion, like a towering tree, and to witnessing the moment when the Chinese affordable luxury brand management group becomes globally renowned.

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

By order of the Board
Jin Ming
Chairman and CEO

Hong Kong, 25 March 2024

OUR BUSINESS MODEL



Over the years, the Group has focused on the coordinated development of multiple brands, adopted a platform-based organizational structure, efficiently managed multi-brand operations, empowered the development of multiple brands with a strong middle platform, and gave full play to the positioning advantages of different brands. The highly digitized data center enables all business segments to improve efficiency, and the Group is committed to becoming a globally renowned Chinese affordable luxury brand management group.

Over the past 30 years, the Group has focused on the Direct to Consumer (DTC) model and has accumulated a large number of methodologies in terminal direct retail management, and the direct sales model has made the Group's insight into consumer needs more sensitive and efficient. At the same time, in order to adapt to the changes in the consumption environment, we adopt the offline sales model of direct sales and distribution supplements, as well as the online sales model of multi-platform e-commerce operation, so that our products can fully reach the consumers.

ELSEWHERE

MANAGEMENT DISCUSSION AND ANALYSIS

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.

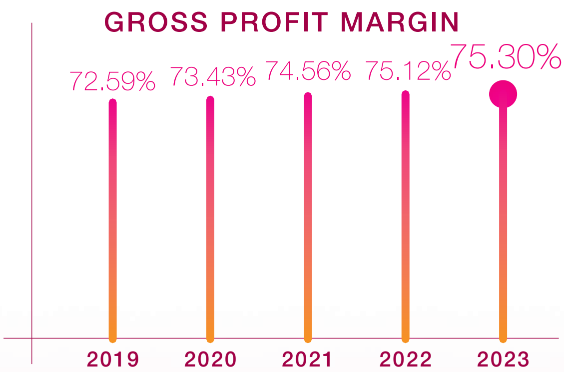
Total revenue from distributors increased by 14.86% from RMB334.23 million for the year ended 31 December 2022 to RMB383.90 million for the year ended 31 December 2023.

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.



FINANCIAL REVIEWS *(Continued)*

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

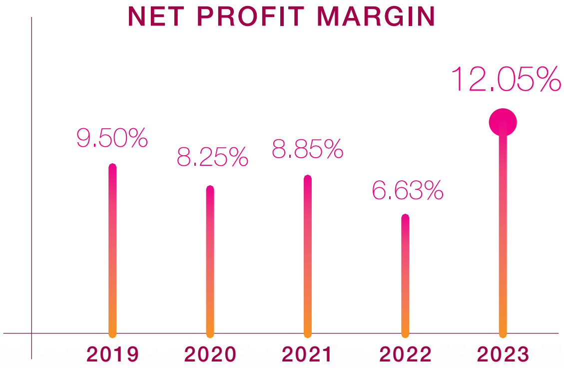
Finance costs decreased by 13.46% from RMB56.32 million for the year ended 31 December 2022 to RMB48.74 million for the year ended 31 December 2023. It was mainly attributed to the decrease in interest expenses on lease liabilities.

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.



FINANCIAL REVIEWS *(Continued)*

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 HK$.

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.

FINANCIAL REVIEWS *(Continued)*

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.

BUSINESS REVIEWS *(Continued)*

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

Koradior

Koradior is a brand that focuses on "romantic and feminine" style, providing customers with high-quality clothing characterized by rose patterns and lace, featuring tailoring and exquisite craftsmanship. Its core product category is "dresses", and it advocates for a lifestyle aesthetic of "leisure and elegance". The classic K Dress embodies Koradior's unique style with its classic X silhouette, romantic V-neck, delicate seven-button design, and 120° fan-shaped skirt, which strengthens the brand's identity and captures the hearts of customers.

Koradior was established in 2007 and won the "China Fashion Brand Annual Award – Style Award" in 2014. In the same year, the Group listed on the Main Board of The Hong Kong Stock Exchange. In 2016, the brand invited Miranda Kerr to become its spokesperson and participate in Milan Fashion Week. At the official show at the Milan Royal Palace, they presented the "Melody of South China" style, showcasing their commitment to overseas spokesperson strategy for nine consecutive years. This deepened the brand's "romantic" image in the minds of consumers and continued to enhance its brand power.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

Koradior (Continued)

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Under the "Channel Upgrade" strategy, Koradior has implemented various measures to enhance the offline stores' area and operational efficiency. They have expanded, relocated, renovated, and opened new stores to increase the size of their offline retail presence. The brand's logo and signage are displayed prominently throughout the stores to deepen consumer awareness of the brand. Additionally, they have opened several flagship stores and boutique stores to upgrade their offline channels and improve store performance. As of 31 December 2023, Koradior has a total of 714 stores in China.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

NAERSI

NAERSI is a fashion brand with a brand style of "urban elegance" and a focus on dressing working women. Through minimalist designs, three-dimensional tailoring, inherited craftsmanship, and high-quality fabrics, NAERSI creates sophisticated ready-to-wear garments that combine fashion and quality for urban women, embodying an elegant spirit of "ease and elegance" for modern women. The core product categories are "outerwear" and "pants", and the brand's iconic "True-self Suit", which has been passed down for 27 years, features detailed designs such as a bow tie collar, girly shoulder, princess waistline, fishtail hem, and the NAERSI Oblique pattern. This suit has gained recognition and popularity among working women in China and has stood the test of time.

NAERSI was established in 1995 and implemented a spokesperson strategy in 2000, with Chinese actress Qu Ying serving as the brand image spokesperson. In 2014, the brand was recognized as a "China Well-Known Brand", and in 2015, it was awarded the title of "Influential Advanced Brand". In 2017, NAERSI made its debut at the New York International Fashion Week, presenting the show "Power and Beauty" and becoming the first Chinese brand to host a show at the American Museum of Natural History, further enhancing its brand strength. In 2020, NAERSI introduced its brand color, "25° Blue", becoming a pioneer within the group.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

NAERSI (Continued)

In the current fiscal year, NAERSI has conducted various promotional activities focusing on products, target customer base, and brand style. For example, they collaborated with the elite women's club "Elite Club" to create the "LADY CEO Column", portraying the brand's core customer positioning as elegant CEOs and deepening the brand's association with the professional workplace. The "Elegant Workshop" series of events highlights the brand's exquisite craftsmanship, meticulous tailoring, and shares the brand's story, showcasing the 27-year evolution of the iconic "True-self Suit" alongside the history of women entering the workforce during the era of reform and opening up. The "818 Brand Day" with the theme "NEW 1950S Elegant Renaissance" utilized various forms of media to effectively reach and engage the core consumer base, strengthening the brand's association with the professional workplace in consumers' minds. These promotional activities have received positive feedback, with overall exposure exceeding 100 million impressions. Additionally, NAERSI has collaborated with Cheng Lei, a representative inheritor of Suzhou jade carving, to integrate the essence of "precision, delicacy, elegance, and craftsmanship" from Suzhou jade carving into modern fashion techniques such as embroidery, printing, and jacquard weaving. The collaboration also features NAERSI's brand flower, the lily, bringing art into urban workplace attire and showcasing the brand's spirit of "ease and elegance" to its fullest extent.

In terms of channel layout, NAERSI is also actively expanding its offline channels. They employ various methods such as closing underperforming stores, upgrading store image and design, and increasing store size. They have also opened flagship stores and boutique stores. For example, they have a flagship store in Wangfujing, Beijing, with an area of "350 ㎡+". They also organize various offline touring exhibitions, themed pop-up stores, and interactive promotional activities to reach consumers in different scenarios, enhance the consumer experience, deepen consumer awareness of the brand's style and philosophy, and drive sales growth in offline channels. As of 31 December 2023, NAERSI has a total of 454 stores in China.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

La Koradior

La Koradior is a brand with a style characterized as "sensual, luxurious, and romantic." Their core product category is "evening dresses," providing luxurious and noble attire for "new noble ladies" for occasions such as banquets and business events through exquisite fabrics, intricate craftsmanship, and three-dimensional tailoring. As a affordable luxury brand, La Koradior has created multiple sets of high-end couture dresses for exhibitions. For example, the "Golden Trace" million-dollar dress that took 9,820 hours to create made its debut at the Beijing GUARDIAN FINE ART Art Week, becoming the first high-end dress from China to be showcased at a top art exhibition. The "Gilded illusion" couture cape dress participated in Singapore Culture Gala "Shangyuan Hui" event, and the "Purple Orchid Embroidery" couture dress toured the "Salon International du Patrimoine Culturel" at the Louvre Museum in Paris, France, establishing the brand's position in the affordable luxury market.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

La Koradior (Continued)

La Koradior was established in 2012 and participated in Milan Fashion Week as the only officially invited Chinese brand in 2015, showcasing a grand show under the theme of "China Image." In 2019, they collaborated with renowned Chinese fashion designer Peng Jing to create the "Golden Trace" million-dollar dress, which was presented at the Beijing GUARDIAN FINE ART Art Week. In 2022, they held a closing show at China Fashion Week with the theme of "La-China Arts," establishing themselves as a high-end couture brand in China and even the world.

In the current fiscal year, La Koradior has actively strengthened its brand power and cultivated a affordable luxury brand image. They have meticulously created the "La Koradior Couture Archives" to showcase the history of high-end couture dresses. By combining brand personalities, they have systematically shared brand stories and conveyed brand values. They have also collaborated with cross-industry resources, such as with the theme of "La-China Classical" participating in Festival Mode Et Culture Sino-Francais and hosting the "Chinese Intangible Heritage Embroidery Art Exhibition" at the China Cultural Center in Paris, breaking boundaries and achieving outstanding results. They have also collaborated with Yao Jianping, a representative inheritor of national intangible cultural heritage Suzhou embroidery, to incorporate the brand's color, "La Purple," and brand flower, "Butterfly Orchid," into their products, highlighting the brand's identity. The "Purple Orchid Embroidery" couture dress went on a tour at the Louvre Museum in Paris, receiving widespread acclaim within the industry and enhancing the brand's international influence. La Koradior also created its brand day for the first time this year, achieving significant results in event planning and communication. Through a combination of offline and online activities such as fashion shows, VIP events, TV interviews and fashion magazines, they have generated attention and participation from various customer segments, strengthened their brand power, and captured the minds of customers.

In terms of channel layout, La Koradior has improved store quality by closing low-quality stores, expanding and upgrading store spaces, and establishing boutique stores. They consistently follow a direct-operated model, and the average size of newly opened stores has significantly increased. Store performance has improved significantly. They have organized large-scale offline thematic shows, strengthened interaction with consumers, and held events such as "Couture Private Sessions" and "VIP Salons" to enhance their connection with the core consumer group. They strive to create a "top-tier brand" through "top-tier service" and "top-tier quality." As of 31 December 2023, La Koradior has a total of 46 stores in China.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

NEXY.CO

NEXY.CO is a brand with the style of "intellectual, simple, and wisdom beauty." It provides multi-occasion clothing primarily for urban women in the fashion workplace. The brand slogan is "showing charm with wisdom." Its core product category is "suits," with the classic "π Suit" and "94050 overcoat" becoming enduring favorites among consumers and standout items for NEXY.CO.

NEXY.CO was established in 2009. In 2014, the first flagship store worth 10 millions of dollars was born. In 2015, the classic 94050 overcoat was introduced. In 2017, as the only Chinese brand officially invited by Milan, NEXY.CO showcased an Asian show at Milan Fashion Week, collaborating with supermodel Karlie Kloss to interpret intelligent fashion under the theme of "The Spirit of Future." In 2021, NEXY.CO partnered with WWF (World Wildlife Fund) and OPF (One Planet Foundation) twice to launch the "Green Planet" and "Nature Guardians" public welfare and environmental protection series, advocating for nature conservation, harmonious coexistence, and sustainable fashion. They combined art, environmental protection, and fashion to promote the brand's sustainable beauty. In 2022, NEXY.CO invited actress Yuan Quan as the brand image spokesperson, showcasing the intelligent and beautiful power of Chinese women and promoting the image of "CO Lady," representing both inner and outer beauty. The brand's influence continues to grow.

In the current fiscal year, NEXY.CO has actively promoted the reform of its excellent product system, refined the underlying logic of product development, further optimized the product's golden triangle structure, improved product categories, and increased the release of clothing for non-workplace scenarios. They have added sub-categories such as denim jackets and denim skirts and expanded the placement of leisure categories such as jeans, T-shirts, and hoodies to provide consumers with clothing suitable for various occasions, primarily focused on the workplace but not limited to it, meeting diverse consumer needs. At the same time, they continue to highlight their classic pieces, showcasing high-quality and cost-effective clothing to consumers, embodying the brand's "high-end" feel. For example, the classic 94050 overcoat uses a golden ratio of 90.4% merino wool and 9.6% cashmere, incorporating 16.5-micron ultra-fine Australian Merino wool from natural ranches and high-quality Inner Mongolian cashmere. In terms of craftsmanship, it combines the advanced fabric production techniques of Italian Columbus. The production process involves 94 steps, six types of stitching, and over 1,000 stitch formations, creating top-quality products. Additionally, NEXY.CO has collaborated with bamboo weaving artist Yang Longmei and artist Wei Ligang, who are inheritors of intangible cultural heritage, to integrate art and fashion, showcasing the brand's intelligent and beautiful features, enhancing brand visibility. The collaborative collection also follows the brand's golden triangle structure, with fashionable items, best-selling items, and main-selling items, aiming to generate both attention and sales.

In terms of channel layout, NEXY.CO continues to implement its "channel upgrade" strategy within the group, focusing on "improving store quality and enhancing store efficiency." They have established boutique flagship stores and actively conducted offline exhibitions and pop-up stores. In the current year, NEXY.CO has organized 16 themed exhibitions and 11 pop-up stores. They have opened a net increase of 22 direct-operated stores. Additionally, due to significant improvements in product strength and brand power, dealers have expressed confidence in NEXY.CO's future development, leading to a 44% year-on-year increase in the number of dealer stores, even without significant improvements in the market environment.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

ELSEWHERE

ELSEWHERE is a brand with the style of "comfortable, textured, and relax" it advocates, "Everyone is an artist of life" and focuses on the core product category of "knitted garments." It provides relaxed and comfortable clothing for urban women, conveying the core spirit of modern urban women's relax and ease. Additionally, through various sustainable initiatives, the brand strengthens its connection with nature and environmental protection, attracting the attention of its core customer group, "life artists."

ELSEWHERE was established in 2014. In 2016, it participated in Shenzhen Fashion Week, and in 2020, it held a major show at Shanghai Fashion Week. In 2021, it was listed on the "SUSTAIN100 2021 – Re-cycle & Green Design Initiative List" by the Green Fashion Alliance (GFA). In the same year, ELSEWHERE invited Tang Yixin as its first brand spokesperson to promote the brand's values of "From the heart of solitude" and further establish its brand image.

In the current fiscal year, ELSEWHERE has upgraded its brand concept. The brand logo has been updated from the previous "Koradior elsewhere" to "ELSEWHERE," incorporating the brand symbol "W" and the brand color "ELSEWHERE yellow." They have also introduced a new brand flower: the daisy. Furthermore, ELSEWHERE continues to create high-quality and cost-effective products and improve its product structure. For example, they have launched the classic "W Monogram Knit Suit," using high-end materials such as selected fine 42-gauge yarn and employing high-quality craftsmanship with a 16-stitch sesame bottom jacquard technique. In terms of silhouette, the product presents a golden ratio of 1 : 0.618 and an H-shaped design through the combination of the top and the skirt, making the product both flattering to the figure and comfortable to wear, while highlighting the brand's "W" logo. In terms of promotion, ELSEWHERE strengthens the brand's impression in consumers' minds by increasing the visibility of the brand logo in various aspects such as products, offline stores, promotional materials, and online marketing. They have carefully crafted the brand's day "920 Knitting Art Festival" and used various promotional methods such as autumn photo-shoots, knitwear shows, microfilms, collaborations with fashion magazines, themed exhibitions, and art salons to enhance the brand's style, focus on storytelling, and significantly increase brand visibility. On World Oceans Day, ELSEWHERE launched the "Love, Naturally" themed series to show concern for marine ecology. They collaborated with three marine artists on the "Summer Island Project" to practice sustainable fashion. Additionally, they collaborated with the "Plant Poet" to create a brand with a sophisticated artistic atmosphere and enhance brand power.

In terms of channel layout, ELSEWHERE further optimizes the image of its offline stores and introduces the 3.0 version of store image. They continue to improve the quality of their offline channels and open a 380-square-meter flagship store in Chengdu MixC, showcasing the brand's image, culture, and style to enhance brand influence. In terms of e-commerce, they actively adjust the differentiation of online channels, accelerate the integration of online and offline channels for omni-channel operations, drive the rapid development of the brand's online business, and achieve high growth in the current fiscal year. As of December 31, 2023, ELSEWHERE has opened a total of 172 stores in China.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

NAERSILING

NAERSILING, with a brand style of "freedom and art," provides fashionable and unconstrained luxury fashion for urban celebrities and business elites. Their classic piece, the "724 Silk Positioning Printed Blazer," offers consumers a more comfortable and inclusive wearing experience by adding a small H-shaped silhouette with an increased circumference of 7cm. The core product categories are "suits" and "dresses," focusing on workplace and social scenarios.

NAERSILING was established in 2009 and participated in Shenzhen Fashion Week consecutively in 2015 and 2016. In 2018, they showcased their collection "FUTURE REVELATION" as the grand finale at New York Fashion Week for the spring/summer season. They also participated in Shanghai Fashion Week in 2020 and received the Brand Award at the 2020 China International Fashion Week. In 2021, the brand underwent an image upgrade by adjusting its logo to more accurately convey the brand's style and philosophy

In the current fiscal year, NAERSILING focuses on brand storytelling around the color "Freedom Red" and the brand flower "Tulip." They launched the "NAERSILING Tulip" series and collaborated with several artists for the NAERSILING × Artist Tulip joint collection, creating brand topics and stories. They conduct multi-matrix media communication online and integrate brand elements with stores and promotional materials offline. They organize salon interactive activities to deepen consumers' understanding of the brand elements. Additionally, they create a dedicated column called the "Inspiration Art Gallery" to analyze the brand's classic products. On the product side, they continue to improve the excellent product system reform, refine the golden triangle structure, and expand the range of casual scene clothing such as jeans and sweatshirts outside the workplace and social scenes to meet consumer demands.

In terms of channel layout, NAERSILING actively implements the strategy of "improving store quality and increasing store efficiency." They increase the area of offline stores, and the average area of newly opened stores in the current year is significantly larger than that of previous stores. They have opened flagship stores with an area of over 600 square meters in Chongqing MixC Mall. They also directly engage with consumers through flagship stores, boutique stores, pop-up stores, themed exhibitions, and other high-quality offline channels to enhance the consumer purchasing experience. As of 31 December 2023, NAERSILING has a total of 95 stores in China, with spacious store spaces.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

CADIDL

CADIDL was established in 1996 and was acquired by the group in 2016. With a brand style of "Minimalistic, Elegant, and Superb," CADIDL provides different suits for various occasions for "Wisdom Elegant COO." The core product category is "suits," and over the past twenty years, CADIDL has always developed suit sets with the craftsmanship of "sculpting artworks." Inspired by of "CALLA LILY", CADIDL created the classic "No. 96 suit set" featuring the unique of "CALLA LILY". Through meticulous craftsmanship with "143 exquisite core techniques" and the use of the exclusive "anti-wrinkle needle method," the suit set presents a silhouette with a "golden 3cm" and a "standard body length of 65cm," providing consumers with excellent quality suit sets.

In the current fiscal year, CADIDL focuses on the brand's dual colors, "Cardi Gray" and "First Sight Pink," and the core product category of "suits" for thematic promotion. They strengthen the brand's impression and collaborate with numerous COO to create the "Shining Set – 2023 CADIDL Wisdom Elegant Suit Festival," significantly increasing exposure compared to 2022. They tell the story of the brand's "CALLA LILY" and promote the brand story through the theme of "CALLA LILY 'Art' Realm," collaborating with "Wisdom Elegant Women." During the brand month, they conduct a major event promotion with the theme "A Date with Moment, Always Suits Me," further strengthening the brand's DNA and storytelling. Through the "96 Workshop" and focusing on the classic "No. 96 suit set," they showcase the brand's craftsmanship. The promotional activities throughout the year have a clear focus, deep integration with the products, and show significant results.

In terms of channel layout, CADIDL actively implements a large store strategy, with the average area of newly opened self-operated stores significantly larger than the average area of closed self-operated stores. They have a net increase of 10 offline stores throughout the year, achieving a significant improvement in store efficiency. The efficiency of individual self-operated stores has greatly increased. Additionally, they have opened several boutique flagship stores, incorporating the 6.0 new image design, integrating the brand's DNA, and enhancing the store image of offline stores. They also organize themed exhibitions, flash sales, and other offline activities to enhance the consumer purchasing experience.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

FUUNNY FEELLN

FUUNNY FEELLN was established in 2019 and is based in Shenzhen. It adopts a style of "modern, independent, freedom, and dreams" to create the cool and classic FF image, featuring a collared short jacket (SMART LOOK) paired with jeans. It is a mid-range designer brand. In 2023, FUUNNY FEELLN invited Jin Chen as the brand spokesperson to further enhance the brand image.

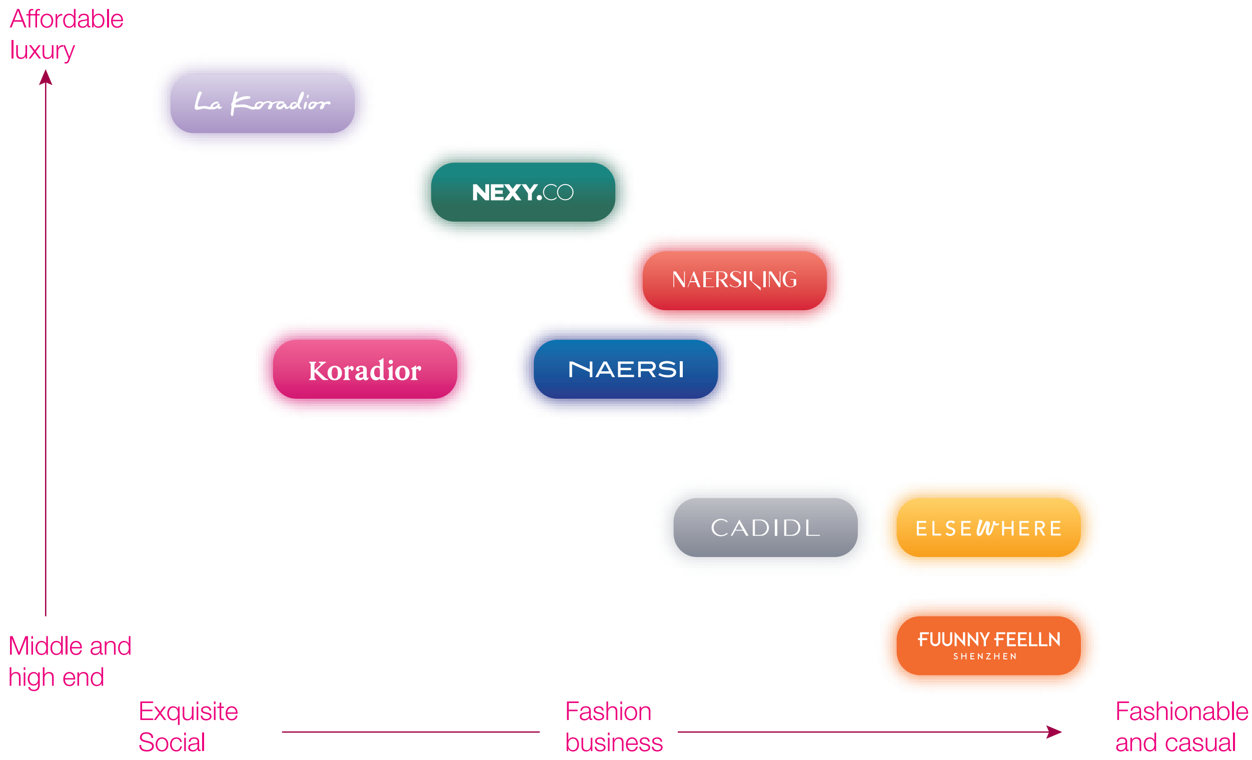
In the current fiscal year, FUUNNY FEELLN actively improves the brand's product matrix, focusing on the core product category of "short jackets." They strengthen consumer brand awareness and conduct major event promotions using keywords such as "cool" and "short jackets." For example, during the brand day event with the theme "Orange Leather Tone," they tell the story of cool girls and convey the spiritual core of the Smart M short jacket series. They also held a BOLIVE music party event in Shenzhen on August 28th, where models showcased the SMART LOOK while guests performed, interpreting the "cool attitude" and conveying the brand spirit. They invited Jin Chen as the brand's new spokesperson and promoted with two topics: "Jin Chen endorses FF" and "Jin Chen makes it cooler." They released high-quality brand images closely integrated with the brand DNA, achieving better exposure than expected with over 300 million total online exposures.

The promotion both online and offline throughout the year maintained a unified visual presentation, focusing on the brand DNA, making the brand more deeply rooted in people's minds. In terms of channel layout, FUUNNY FEELLN actively improves the quality of direct-operated stores, significantly improving store efficiency. They also launched pop-up store "Cool Rock Space" with the main color "FUUNNY FEELLN Orange", and the theme "Orange Leather Tone," presenting the brand style and spirit to consumers through physical installations. On e-commerce platforms, FUUNNY FEELLN promotes brand culture on multiple online platforms, promotes "star styles," and drives media exposure, actively driving strong growth in e-commerce business, especially achieving significant breakthroughs on Tmall. As of 31 December 2023, FUUNNY FEELLN has a total of 91 stores in China, with spacious store spaces.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

Brand Positioning Map




Koradior
核心品类：连衣裙
经典款：K Dress


La Koradior
核心品类：洋装裙
经典款：斗篷钨兰裙


ELSEWHERE
核心品类：毛织
经典款：
W Monogram针织套装


FUUNNY FEELLN
SHENZHEN
核心品类：短外套


NAERSI
核心品类：外套、裤子
经典款：真我套装


NEXY.CO
核心品类：西服
经典款：TT Suit、
94050大衣


NAERSILING
核心品类：西装、裙装
经典款：724真丝定位印花单西


CADIDL
核心品类：西装套
经典款：96号西装套

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

Revenue analysis by brands

Brand	2023 RMB'000	2023 %	2022 RMB'000	2022 %	Increase RMB'000	Increase %
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 Gross Profit (RMB'000)	2023 Gross Profit Margin (%)	2022 Gross Profit (RMB'000)	2022 Gross Profit Margin (%)	Changes 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.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

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

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

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.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

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)

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

Revenue of retail stores analysis by geographical regions (Continued)

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.

BUSINESS REVIEWS *(Continued)*

1. EEKA Brands *(Continued)*

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.

BUSINESS REVIEWS *(Continued)*

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).

BUSINESS REVIEWS *(Continued)*

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.

BUSINESS REVIEWS *(Continued)*

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, omni-channel, 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 the 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.

BUSINESS REVIEWS *(Continued)*

5. Prospect *(Continued)*

(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.

BUSINESS REVIEWS *(Continued)*

5. Prospect *(Continued)*

(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.

A win-win situation for the company's development and shareholders' interests

EEKA Fashion's investor relations team actively establishes a timely, efficient and accurate communication mechanism with the company's shareholders, institutional investors, various market participants, etc., and strives to achieve a win-win situation between the company's development and shareholders' interests, and achieves financial performance that surpasses its peers, maintains stable profitability, gives shareholders more returns, and maintains an average dividend payout ratio of 50% in the past five years. The Group has always valued its shareholders and hoped that they can enjoy the result of the EEKA Fashion growth together. At the same time, the Company also actively publishes monthly investor briefings through official websites and other channels, created enterprise accounts and Q&A channels on stock trading platforms such as Futu and Royal Flush, webcasts performance conferences, and participates in online and offline investor meetings, actively reaching out to various types of investors, preparing and timely transmitting the Company's business development, future strategy and other company dynamics to investors, and enhancing investors' understanding and recognition of the Company. During the year, the number of shares of the Company held through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect increased by 7,851,500 shares.

* The 2023 dividend is subject to AGM's approval.

Number of analysts covered by the Company: 8
Number of investor strategy meetings: 15

Number of investor meetings: 57
(Including: Virtual 6, Shanghai 14, Beijing 6, Shenzhen 15, Hong Kong 12 and Singapore 4)

Results Announcement: 3
Number of reverse roadshows: 4

Share Information

Listing Day: 27 June 2014
Board lot size: 500 Shares
Numbers of shares outstanding: 704,050,195 shares (As at 31 December 2023)

Stock Codes

Hong Kong Stock Exchange: 3709
Reuters: 3709.HK
Bloomberg: 3709:HK

INVESTORS INFORMATION

Dividends

HK cents	2019	2020	2021	2022	**2023**
Final dividend	16	38	48	40	**70**
Special dividend	–	16	–	–	**–**

Important Dates

Annual results announcement 25 March 2024

Book closure period for annual general meeting 4 to 7 June 2024

Annual general meeting 7 June 2024

Book closure period for 2023 final dividend 14 to 17 June 2024

Record date of 2023 final dividend 17 June 2024

Payment date of 2023 final dividend On or about 28 June 2024

Financial year end date of 2023 - 31 December 2023

Investor Relations Contacts

If you have any inquiries, please contact:

Jay Wong (FCCA, FCG, HKFCG(PE), HKCGI Cert: ESG)
Company Secretary – EEKA Fashion Holdings Limited

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DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. JIN Ming（金明）, aged 53, is the founder and chief executive officer of our Group. He is also the chairman of our Board and was appointed as a Director on 23 March 2012 and re-designated as an executive Director on 5 March 2014. Mr. Jin has over 20 years of experience in the ladies-wear fashion and retail industry and is primarily responsible for our overall corporate strategies, planning and business development. In May 2001, Mr. Jin started working at Shenzhen Yingjia Fashion Co, Ltd ("Yingjia Fashion"), our largest OEM contractors, as a marketing manager, in which he has gained extensive management experience in the ladies fashion and retail industry. He was then responsible for retail channels' development and maintenance. In January 2003, he became the general manager of marketing of Yingjia Fashion and was put in charge of brand promotion, the development and maintenance of sales channel and retail activities. In March 2007, he was appointed as chairman of the board of our Group. Mr. Jin graduated from University of Science and Technology of China（中國科學技術大學）with a Bachelor Degree of Arts in English for Science and Technology*（科技英語）in Anhui Province in July 1992 and completed his Executive Master of Business Administration from China Europe International Business School（中歐國際工商學院）in Shanghai in October 2013. Mr. Jin is also the director of Koradior Investments Limited, one of our controlling shareholders and the brother of Mr. Jin Rui.

Ms. HE Hongmei（賀紅梅）, aged 51, was appointed as one of our executive Directors on 5 March 2014. Ms. He is mainly responsible for overseeing the whole business unit, overall business planning and strategy execution. Ms. He joined our Group in March 2007 and has over 20 years' experience in the ladies-wear industry, including sales, business operation and procurement. Ms. He studied in Business and Enterprise Management*（商業企業管理）in Huangshi Finance and Trade School*（黃石市財貿學校大冶中等專業學校）in Huangshi, Hubei Province from September 1995 to July 1997. Before she joined Yingjia Fashion in 2001, she worked in Hubei Daye Textile Company*（湖北省大冶市紡織品公司）for nearly 6 years. In May 2001, Ms. He joined the customer service team of Yingjia Fashion and was promoted as the regional head in July 2002. Since March 2007, she started working for Shenzhen Koradior Fashion Ltd ("Shenzhen Koradior") which is an indirect wholly-owned subsidiary of our Company as the director of brand business department and became the general manager of Shenzhen Koradior in January 2009.

Mr. JIN Rui（金瑞）, aged 47, was appointed as an executive Director on 23 August 2019 and is currently a director of Keen Reach Holdings Limited and its subsidiary, Extra Wisdom Limited. He is the brother of Mr. Jin Ming, the chairman, chief executive officer and an executive Director of the Group. Mr. Jin has over 20 years of experience in the finance, investment and capital markets industries, and he is primarily responsible for the overall corporate investment strategy direction, planning and managing the development of the group in the capital market. From 1998 to 2000, Mr. Jin worked as a stock analyst in Minsheng Securities Co., Ltd. He was responsible for stocks and capital market trading. From 2004 to 2005, he worked as a financial reporter in the 21st Century Business Herald. He conducted interviews and reported on the news, including the listing of Ping An Insurance and equity aspects of listed companies. From 2005 to 2014, he acted as an investment legal consultant for Shenzhen Yingjia Fashion Co., Ltd., the largest OEM of the Group, providing professional advice on finance, investment and law. Since 2014, he has served as a director of Keen Reach Holdings Limited and a subsidiary of Extra Wisdom Limited, being responsible for their overall corporate investment strategy of its Hong Kong and domestic subsidiaries, planning and managing the development of the company in capital markets, participating in acquisitions, and day-to-day operations management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHOU Xiaoyu (周曉宇), aged 55, was appointed as an independent non-executive Director on 30 June 2016 and was graduated from 西安電子科技大學 (Xian Electronic Technology University) with a bachelor's degree of electronic engineering in 1990 and from 中歐工商學院 (China Europe International Business School) with a degree of executive master of business administration in 2013. From 1990 to 1997, Mr. Zhou worked as an engineer and economist at 中國電子信息產業集團公司 (China Electronics Corporation). From 1997 to 2000, he was a business manager in 中國電子工業深圳總公司 (China Electronics Industry (Shenzhen) Corporation). Mr. Zhou was the founder of 深圳市迪威視訊技術有限公司 (Shenzhen Diwei Video Technology Company Limited) and was the managing director during 2000 to 2004. In 2001, Mr. Zhou founded 深圳桑海通投資有限公司 (Shenzhen Sanghaitong Investment Company Limited) and was the managing director. In 2005, Mr. Zhou founded 深圳市秉宏投資有限公司 (Shenzhen Binghong Investment Company Limited) and was the managing director.

Mr. ZHONG Ming (鐘鳴), aged 54, was appointed as an independent non-executive Director on 6 June 2014. He graduated from University of Science and Technology of China (中國科學技術大學) with a Bachelor Degree of Science in Biology in Anhui Province in July 1992 and completed his Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in Shanghai in September 2007. From July 1992 to January 2002, Mr. Zhong worked for Procter & Gamble (Guangzhou) Limited* (廣州寶潔有限公司) as a brand manager. Then he joined Wall's (China) Co, Ltd. Shanghai Branch (和路雪(中國)有限公司上海分公司) as vice president of marketing from August 2003 to June 2006. He was employed by Reckitt Benckiser Household Products (China) Co., Ltd (利潔時家化(中國)有限公司) as marketing director from June 2006 to June 2008. From June 2012 to November 2013, Mr. Zhong worked as the senior vice president of operation of TPG Huhua (Shanghai) Equity Investment Management Enterprise (Limited Partnership). From March 2014 to June 2016, Mr. Zhong worked as the general manager of China for Luxottica (Shanghai) Trading Co., Limited. From July 2016 to 2019, Mr. Zhong worked as the senior vice president of Philips and the president of Greater China Health Division of Philip (China) Investment Co., Ltd. From 2021 to October 2022, Mr. Zhong worked as T3 Go Vice President of Nanjing Leading Technology Co., Ltd. Mr. Zhong is currently a consultant of Hurun Report and an empowering partner of PGA Capital.

Mr. ZHANG Guodong (張國東), aged 46, was appointed as an independent non-executive Director on 17 July 2017. He holds a bachelor's degree in finance-related subjects, a master's degree in accountancy from the Chinese University of Hong Kong and an executive master's degree in business administration from Cheung Kong Graduate School of Business in Beijing, China. Mr. Zhang is a Certified Public Accountants and Certified Tax Agents in the People's Republic of China, Certified Public Accountants in Australia. From the year of 2000 to 2002, Mr. Zhang worked as a project manager in BDO International Reanda Certified Public Accountants* (德豪國際利安達信隆會計師事務所) in Beijing and Zhuhai, and was principally involved in audit work in relation to public initial offering and audit, consulting and tax planning work in relation to listed companies. From the year of 2002 to 2004, Mr. Zhang worked as a department manager in an accounting firm named BDO International Shenzhen Dahua Tiancheng* (德豪國際深圳大華天誠會計師事務所) and was principally involved in audit work in relation to public initial offering and audit, consulting and tax planning work in relation to listed companies. From the year of 2004 to 2008, Mr. Zhang worked as the chief financial officer at Dason Trading (Shanghai) Co., Limited* (大辛貿易(上海)有限公司). From the year of 2009 to 2018, Mr. Zhang was an executive director in Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited), a company listed on the Main Board of the Stock Exchange (stock code: 00231). Mr. Zhang has more than 7 years of experience in managing listed companies and is familiar with the daily operation, mergers and acquisitions of listed companies. Mr. Zhang is currently mainly engaged in private equity fund investment.

SENIOR MANAGEMENT

Mr. GUO Zhongqiao（郭忠橋）, aged 44, is the sales director of our Group. Mr. Guo joined our Group in November 2011 and oversees the sales and operation of our Group. Mr. Guo has over 11 years of experience in sales and distribution in fashion industry. Prior to joining our Group, Mr. Guo has been the region manager and director of self-operated distribution of Yingjia Fashion from July 2005 to October 2011. He was a manager of the Northern region for the marketing department of Shenzhen Taiming Fashion Limited*（深圳市臺茗服飾有限公司）from February 2004 to June 2005. He obtained an Adult Education Graduation Certificate in Computer and Information Management*（電腦與信息管理）from Jiangxi Economic Administration Cadres College*（江西經濟管理幹部學院）in Nanchang, Jiangxi Province in July 1999.

Mr. HU Qi（胡琦）, aged 45, is the design director of our Group. Mr. Hu joined our Group in March 2007 and primarily takes responsibility for the design and development of ladies-wear of our Group. Mr. Hu has over 14 years of experience in fashion design. Prior to joining our Group, Mr. Hu was the chief designer of Shenzhen Fei Ying Si Fashion Limited*（深圳市飛影思服飾有限公司）from June 2004 to August 2006. He also worked in the design team for Shenzhen Zeyuan Houye Fashion Co., Ltd.*（深圳市澤源厚業時裝有限公司）from May 2003 to June 2004 and Shenzhen Yezi Garment Limited*（深圳市葉子服裝實業有限公司）from September 2001 to May 2003. He obtained a bachelor degree in Fashion Art and Design*（服裝藝術設計）from the Hubei Academy of Fine Arts*（湖北美術學院）in Wuhan, Hubei Province in July 2001.

Mr. Wu Qingye（吳慶業）, aged 48, is the Group's operations director, responsible for the annual business plan development, overall management and system process management, and supply chain system construction. Mr. Wu has over 20 years of overall business management experience. He joined the Group in 2009 and has served as director of purchasing department, director of operation management department, general manager of brand division and general manager of investment and asset management department. Prior to joining the Group, Mr. Wu served as chief application consultant of Kingdee Group*（金蝶集團）chief products and operating officer of Huijie Group*（匯潔集團）. He received a Bachelor's degree in Technical Economics from Chongqing University*（重慶大學）in July 1999 and an MBA from Shanghai University *（上海財經大學）of Finance and Economics in 2005.

Ms. ZHU Chaochao（祝超超）, aged 34, is the chief financial officer, primarily responsible for the overall financial management and operation of our Group. Ms. Zhu joined our Group as a chief financial officer assistant in June 2015. From October 2012 to April 2015, Ms. Zhu was an senior auditor in an accounting firm named Ernst & Young Hua Ming LLP Shenzhen Branch（安永華明會計事務所）and was principally involved in audit work in relation to initial public offering and audit in relation to listed companies. She obtained her Bachelor of Finance management from Guangdong University of Foreign Studies（廣東外語外貿大學）in July 2012. She became a qualified member of The Chinese Institute of Certified Public Accountants in 2014.

COMPANY SECRETARY

Ms. WONG Wai Kiu（黃煒喬）, aged 43, is the company secretary of our Company. Ms. Wong has acted as finance manager of the Company since July 2014. From September 2005 to January 2012 she worked as senior accountant of Kam Hing International Holdings Ltd (stock code: 2307). She is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute of the United Kingdom. Ms. Wong obtained a Bachelor Degree of Applied Accounting from Oxford Brookes University in the United Kingdom, Master Degree of Science in Professional Accountancy from University of London, Master Degree of Arts in Fine Arts from the Chinese University of Hong Kong and Master Degree of Corporate Governance from The Hong Kong Polytechnic University. She has extensive experience in company secretary, financial accounting and corporate governance compliance for listed company.

JOINT COMPANY SECRETARY

Mr. LEUNG Ka Wai（梁嘉偉）, aged 53, is the joint company secretary and one of the authorised representatives of our Company since 2014, primarily responsible for company secretarial affairs of our Company. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants. He was also admitted as a solicitor in Hong Kong in 2000 and is a partner in Michael Li & Co.

The English names of companies incorporated in the PRC marked with "*" are translations of their Chinese names and are included for identification purposes only.

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.

THE BOARD OF DIRECTORS

The Board is responsible for formulating the overall strategy of the Group and reviewing the operations and financial performance of the Group. The chairman is responsible for the management and leadership of the Board to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner.

Board composition

The Board now comprises six Directors including three executive Directors, and three independent non-executive Directors. The composition of the Board and representation on Board committees are set out below:

Title	Name	Position	Gender	Age	Length of services
Executive Directors:	Mr. Jin Ming	Chairman of the Board Chief Executive Officer Chairman of Nomination Committee Member of Remuneration Committee	Male	53	17 years
	Ms. He Hongmei		Female	51	17 years
	Mr. Jin Rui		Male	47	5 years
Independent Non-Executive Directors:	Mr. Zhang Guodong	Chairman of Audit Committee Member of Remuneration Committee Member of Nomination Committee	Male	46	6 years
	Mr. Zhou Xiaoyu	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee	Male	55	8 years
	Mr. Zhong Ming	Member of Audit Committee	Male	54	10 years

THE BOARD OF DIRECTORS *(Continued)*

Board composition *(Continued)*

Our Directors are experienced in a range of corporate and industry expertise such as accounting, finance and business and operation management. The diversity of the Directors' experience provides useful exchange of ideas and views to ensure that decisions are made with a balanced judgement. Save as disclosed in the biographies of the Directors as set out on pages 53 to 54 of this annual report, there is no financial, business, family or other material or relevant relationship among Directors.

The Board has established three sub-committees of the Board, namely the Audit Committee, Remuneration Committee and Nomination Committee. The chairman of Remuneration Committee and Audit Committee are independent non-executive directors. Written terms of reference of each of these sub-committees are available on the websites of the Company and the Stock Exchange.

Board meetings

The Board discusses the overall strategy as well as the operational and financial performance of the Company. Other Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The table below sets out the attendance of all Directors at the Board meetings and general meeting held during the year ended 31 December 2023:

	Regular Board Meetings	**Annual general meeting held on 8 June 2023**
Executive Directors:		
Mr. JIN Ming (Chairman and Chief Executive Officer)	7/7	1/1
Ms. HE Hongmei	7/7	1/1
Mr. JIN Rui	7/7	1/1
Independent Non-executive Directors:		
Mr. ZHANG Guodong	7/7	1/1
Mr. ZHOU Xiaoyu	7/7	1/1
Mr. ZHONG Ming	7/7	1/1

There are three independent non-executive Directors who represent more than one-third of the Board, and Mr. Zhang Guodong has the appropriate professional qualifications as required by Rule 3.10(2) of the Listing Rules.

THE BOARD OF DIRECTORS *(Continued)*

Board meetings *(Continued)*

Notices are given to all Directors at least 14 days prior to regular Board meeting, and due and proper notices are given to all Directors in advance for attending other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advisory and secretarial services, at the Company's expenses, of the company secretary with a view to ensure that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the Board meetings minutes are sent to all Directors for their comment and records. Minutes of Board meetings are recorded in sufficient details for the matters considered by the Board and the decisions reached, including any concerns raised by the Directors, and such minutes are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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.

Confirmation of independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. The Board is of the opinion that Mr. Zhong Ming maintains his independence even though he has served the Board for more than ten years since June 2014, and believes that his valuable knowledge and experience continue to generate significant contribution to the Board, the Company and the Shareholders as a whole.

Appointment, re-election and removal

Each of the executive Directors has entered into a service contract for a fixed term of three years, and each of the independent non-executive Directors has entered into a letter of appointment with the Company for a specific term of two years, subject to normal rotation in accordance with the articles of association of the Company (the "Articles of Association").

THE BOARD OF DIRECTORS *(Continued)*

Directors' training

During the year ended 31 December 2023, the Directors were provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. During the year, the Company has organized seminars for all the Directors namely Mr. Jin Ming, Ms. He Hongmei, Mr. Jin Rui, Mr. Zhou Xiaoyu and Mr. Zhong Ming. The training covered topics including " "The Gong Dream" – Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies" by the Hong Kong Business Ethics Development Centre of Independent Commission Against Corruption. All Directors namely Mr. Jin Ming, Ms. He Hongmei, Mr. Jin Rui, Mr. Zhou Xiaoyu and Mr. Zhong Ming were able to further strengthen their integrity governance which will help consolidate market integrity and public confidence in the financial system, and enhance the overall competitiveness of listed companies.

All Directors have provided the Company with their respective training records in compliance with Code Provision C.1.4 of the CG Code.

THE AUDIT COMMITTEE

The Company has complied with Rule 3.21 of the Listing Rules for the establishment of an audit committee. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Zhang Guodong (as chairman), Mr. Zhou Xiaoyu and Mr. Zhong Ming. Mr. Zhang Guodong possesses the appropriate professional qualification. The primary duties of the Audit Committee are to maintain relationship with our auditors, review our financial information and oversee our financial reporting system, internal control and risk management systems and procedures and the internal audit department of the Group and their effectiveness. The terms of reference of the Audit Committee have been revised in January 2017 and in April 2022 to specifically include, among other matters, the review of the risk management system, the anti-bribery, anti-corruption and whistle-blowing policies as required by the CG Code.

For the year ended 31 December 2023, three meetings of the Audit Committee were held to review and discuss with the management of the Company and the external auditors the accounting principles and practices adopted by the Group, as well as internal control, risk management and other financial reporting matters. The attendance records of individual committee members are set out below:

Mr. ZHANG Guodong *(Chairman)*	3/3
Mr. ZHOU Xiaoyu	3/3
Mr. ZHONG Ming	3/3

THE REMUNERATION COMMITTEE

The Company has complied with Rule 3.25 of the Listing Rules to set up the Remuneration Committee. In accordance with its terms of reference which have been revised in April 2022 and December 2022, the primary function of the Remuneration Committee is to consult the Chairman of the Board and/or the chief executive officer about the remuneration for other executive Directors, to make recommendations to our Board on our Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, and to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee currently consists of one executive Director, namely Mr. Jin Ming, and two independent non-executive Directors, namely Mr. Zhou Xiaoyu (Chairman) and Mr. Zhang Guodong.

Details of remuneration of our Directors are set out in note 8 to the financial statements.

For the year ended 31 December 2023, one meeting of the Remuneration Committee was held to, amongst others, review and approve the remuneration packages of the Directors and senior management of the Company. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the year. The attendance records of individual committee members are as follows:

Mr. ZHOU Xiaoyu *(Chairman)*	1/1
Mr. ZHANG Guodong	1/1
Mr. JIN Ming	1/1

THE NOMINATION COMMITTEE

The Company has complied with Rule 3.27A of the Listing Rules to set up the nomination committee. In accordance with its terms of reference, which have been revised in April 2022 the primary duties of the Nomination Committee are to, among other matters, make recommendations to our Board on the appointment or re-appointment of Directors, assess the independence of independent non-executive Directors and review on an annual basis the mechanism for performance evaluation of the Board and Board Committees. The Company adopted a board diversity policy in March 2015 which set out the objective and strategies to achieve diversity on the Board, taking into consideration a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee currently consists of one executive Director, namely Mr. Jin Ming (as chairman), and two independent non-executive Directors, namely Mr. Zhou Xiaoyu and Mr. Zhang Guodong.

THE NOMINATION COMMITTEE *(Continued)*

For the year ended 31 December 2023, one meeting of the Nomination Committee was held to, review the structure and composition of the Board, and assess the independence of independent non-executive Directors. The attendance records of individual committee members are as follows:

Mr. JIN Ming *(Chairman)*	1/1
Mr. ZHOU Xiaoyu	1/1
Mr. ZHANG Guodong	1/1

BOARD DIVERSITY

Pursuant to Rule 13.92 of the Listing Rules, the Company has adopted a board diversity policy which consists of the following main aspects:

a. Board composition to be reviewed in terms of the size of the Board, the number of executive directors in relation to the Board overall,

b. Board effectiveness which requires members to have diverse skills, knowledge and experiences that combine to provide different perspectives and effective board dynamics, and

c. Nominations and appointments to be carried out in view of maintaining an appropriate mix of required skills, experience, expertise and diversity on the Board.

The Nomination Committee is responsible for reviewing the policy on board diversity and any measurable objectives for its implementation and the progress on achieving the objectives. Currently, our Board has one (1) female Director out of six (6) Directors, representing a ratio of 16.7% female Director to 83.3% male Directors. The Nomination Committee and the Board recognises the importance and benefits of gender diversity at the Board level, and shall strive to take initiatives to identify more female candidate(s) to further enhance gender diversity at the Board level.

DIRECTOR NOMINATION POLICY

The policy on nomination of Directors of the Company is in place and was updated in the year taking into consideration the revised Listing Rules effective from 1 January 2023. The updated policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board.

The responsibilities and authority for selection and appointment of Directors is delegated to the Nomination Committee but the ultimate responsibility for selection and appointment of Directors of the Company rests with the entire Board. In evaluating and selecting any candidate for directorship, among other things, the following criteria will be considered:

- Character and integrity.

- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy.

- Any measurable objectives adopted for achieving diversity on the Board.

DIRECTOR NOMINATION POLICY *(Continued)*

- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Nomination Committee and/or the Board will evaluate the candidates based on the criteria as set out above to determine whether such candidates are qualified for directorship. The Nomination Committee will also consider recommendations for candidates made by shareholders of the Company.

Regular reviews will be conducted by the Nomination Committee on the structure, size and composition of the Board and the policy on nomination of Directors of the Company and where appropriate, the Nomination Committee will make recommendations on changes to the Board to complement the Company's corporate strategy and business needs. Effective from 1 January 2023, the Nomination Committee will also formulate and review the mechanisms for the performance evaluation of the Board and Board committees (in particular, whether independent views are available to the Board), evaluate the performance of the Board and Board committees following such mechanisms, review the feedback in respect of the role and effectiveness of the Board and Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes.

MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS

To ensure independent views and input from any Director, the following mechanism is established by the Board:

1. Independence Assessment

Each of the independent non-executive Directors shall provide a written annual confirmation of independence to the Company on their compliance with the independence requirements as set out under Rule 3.13 of the Listing Rules. The Nomination Committee shall assess the independence of independent non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement.

2. Composition of Board

Currently, 50% of the Board members are executive Directors while 50% of the Board members are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS *(Continued)*

3. Board Proceedings and Decision Making

At least 14 days' formal notice of regular Board and Board Committee Meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda. By at least three business days in advance of every regular Board and Board Committee Meeting, Directors are provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.

All Directors are required to declare their direct/indirect interests, if any, in any business proposals to be considered at the meetings and, where appropriate, they are required to abstain from voting on any Board resolution concerned.

Independent non-executive Directors should attend all regular meetings of the Board and Board Committees on which they serve. They should also attend general meetings of the Company to acquire understanding of the views of the shareholders.

4. Remuneration of Independent non-executive Directors

Independent non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committees and no equity-based or incentive based compensation program is granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

5. Access to Professional Advice and Up-to-date Information

The Company Secretary provided induction pack and orientation program for all new recruits to the Board. Such program would familiarise the newly appointed Director with the nature of the business, the corporation's strategy, the internal control and corporate governance practices and policies, and directors' duties and responsibilities. Subsequent information packages are regularly provided to the Directors to keep them abreast of their responsibilities and infuse them with new knowledge relevant to the Group's current business and operating environment.

To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including independent non-executive Directors) are entitled to seek advice from the Company Secretary as well as from independent professional advisers at the expense of the Company.

6. Independent Views and Inputs Treasured and Valued

During the Board and Board Committee meetings, the independent non-executive Directors are encouraged to express freely their independent views and inputs in an open and candid manner. The Chairman also encourages questions and challenges from Directors, in particular independent non-executive Directors and their comments and concerns are closely followed up by the management.

In addition to Board meetings, the Chairman schedules a meeting annually with independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS *(Continued)*

6. Independent Views and Inputs Treasured and Valued *(Continued)*

The Company Secretary is required to prepare minutes that record not only the decision reached but any concerns raised or dissenting views expressed by Directors. Draft versions of the minutes are circulated to all Directors for their comment and confirmation before it is finalised for records. Minutes of all Board and Board Committee Meetings are available for Directors' inspection.

The implementation and effectiveness of the above mechanisms have been reviewed by the Board on an annual basis and the Board believe these measures would allow Directors to contribute effectively and independent views and input are available to the Boards and Board Committees.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of directors is determined by reference to their respective duties and responsibilities in the Company, their respective experience, prevailing market conditions and applicable regulatory requirements. The Company also adopted a share award scheme for the purpose of providing long term incentives to eligible participants, including Directors (details of such share award scheme are set out on pages 80 to 81 of this annual report).

The remuneration of the directors and members of the senior management by band for the year ended 31 December 2023 is set out below:

Remuneration bands	Number of persons
Up to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	4
RMB2,000,001 to RMB3,000,000	3
RMB3,000,000 above	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to the Listing Rules are set out in notes 8 and 9 to the financial statements.

AUDITOR'S REMUNERATION

During the year, the fee payable to Ernst & Young in respect of its audit services provided to the Group was RMB1,880,000.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

Financial reporting

The Board acknowledges its responsibility to prepare the Company's accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The responsibilities of Ernst & Young, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this annual report.

Internal control and risk management

The Board recognizes its responsibility to ensure the Company maintains sound and effective internal control and risk management systems and oversees such systems on an ongoing basis. Reviews of the effectiveness of the internal control and risk management systems of the Group are conducted on an annual basis.

The Group has established a whistleblowing policy as an open channel which enables employees and major stakeholders to raise concerns, in confidence without fear of retribution, about any suspect misconduct or malpractice within the Group.

The Group has also established an anti-corruption and anti-bribery code of conduct to promote and support anti-corruption laws and regulations.

The Group has an independent internal audit department. The independent internal audit department is primarily responsible for carrying out review of the internal control system and risk management process. This is part of the on-going process to ensure that the effectiveness of material controls is monitored.

The Board has conducted a review on the effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2023, which covers financial, operational, compliance procedural and risk management functions and have considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of internal control and risk management and adopted a series of measures to ensure their safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its Shareholders. The Board is of the view that the systems of internal control and risk management are effective and adequate and there are no irregularities or improprieties identified.

CORPORATE PURPOSE, STRATEGY AND CORPORATE CULTURE

The Board defines the purpose, values and strategy of the Company and considers that the Company's corporate culture is aligned. The Group is committed to investing in the women clothing industry, creating value for consumers, and to delivering attractive and sustainable returns to the Shareholders. Despite the ever-changing operating environment, the Group places strong emphasis on workplace safety, employee relations and the efficient use of materials, energy and resources, promoting a culture of ethical conduct and integrity. A healthy corporate culture is important to good corporate governance which is crucial for achieving sustainable long-term success of the Group.

ESG-RELATED MATTERS

The Company adheres to improving internal sustainability governance, strengthening the management and control of corporate development's impact on the environment and society, and creating value for our stakeholders. The Board has overall responsibility for the Company's ESG strategy and reporting, and oversees the overall ESG governance of the Company. In particular, the Board conducts a regular review of the Group's ESG-related matters and considered, among others, (i) the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group's ESG performance and reporting; (ii) the changes, since the last annual review, in the nature and extent of significant ESG risks (if any); and (iii) the scope and quality of management's ongoing monitoring of ESG risks. For further details, please refer to the Company's Environmental, Social and Governance Report on page 89 to 127 of this annual report.

COMPANY SECRETARY

Ms. Wong Wai Kiu is the company secretary of our Company primarily responsible for company secretarial affairs, financial reporting advices and investor relations of our Group. She reports to the Chairman and/or the Chief Executive Officer. She plays a key role in the formulation of appropriate Board procedures to meet business needs of the Company and the compliance with all applicable laws and rules. Ms. Wong is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute of the United Kingdom.

JOINT COMPANY SECRETARY

Mr. Leung Ka Wai is the joint company secretary and one of the authorised representatives of our Company, primarily responsible for company secretarial affairs of our Company. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants. He was also admitted as a solicitor in Hong Kong in 2000 and is a partner in Michael Li & Co.

The Company confirms that Mr. Leung Ka Wai and Ms. Wong Wai Kiu have attended no less than 15 hours of relevant professional training during 2023.

Minutes of all meetings of the Board and Board committees are kept by the company secretary, and are available for inspection by the Directors upon request.

CONSTITUTIONAL DOCUMENTS

With effect from 1 January 2023, the Listing Rules have been amended which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections for issuers set out in Appendix A1 of the Listing Rules. As such, the Company adopted the amended and restated memorandum and articles of association (the "New M&A") of the Company in order to (i) bring the relevant provisions of the Existing M&A in line with the amendments made to the Listing Rules and the applicable laws and procedures of the Cayman Islands; (ii) expressly permit a general meeting of the Company to be held as, in addition to a physical meeting, an electronic meeting or a hybrid meeting where the Shareholders may attend the general meeting remotely through electronic means in addition to physical attendance in person; and (iii) make other consequential and housekeeping changes.

The adoption of the New M&A was approved by the Shareholders on the annual general meeting of the Company on 8 June 2023. A consolidated version of the New M&A is available on the websites of the Company and the Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes in engaging in regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to its Shareholders on a timely basis.

The Company is mindful to ensure that information is made publicly available on a timely basis. A Shareholders' communication policy was adopted by the Company to maintain an on-going dialogue with the Shareholders and encourage them to communicate actively with the Company. The Board will review the policy on a regular basis to ensure its effectiveness.

Disclosure of information is made by way of publishing announcements, notices, circulars and financial reports through the website of the Stock Exchange, as well as the website of the Company and press releases and general meetings.

In addition, the Company meets with research analysts and the press on a regular basis, attends major investors' conferences and participates in international non-deal roadshow in order to maintain a continuing communication with the institutional analysts, investors and financial media.

During the year, over 87 investor relations activities were conducted including face to face meetings, investor group calls, one-on-one calls and teleconferences. The Company has actively participated in face to face meetings, held visit tours and result press after the end of COVID-19 pandemic to increase effective communication. Effective communication was achieved between the investment community and the Company as the Company promptly, transparently, and effectively communicated the Company's operational and financial performance in different countries during the year under review.

The Company has reviewed the implementation and effectiveness of the Shareholders' communication policy and considered the policy to be effective for the year ended 31 December 2023 after reviewing the Shareholder and investor communication activities conducted during the year under review.

SHAREHOLDERS' RIGHTS

In accordance with Article 58 of the Articles of Association of the Company, one or more Shareholders of the Company holding as at the date of deposit of the requisition not less than one-tenth of the voting rights of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Directors shall be reimbursed to the requisitioner(s) by the Company.

Shareholders may by ordinary resolution elect any person to be a Director of the Company. If a shareholder wishes to nominate a person to be elected as a Director, the following documents shall have been lodged at the head office of the Company and the office of Hong Kong branch share registrar of the Company: (i) his/her notice of intention to propose a resolution at the general meeting; (ii) a notice executed by the nominated candidate of his/her willingness to be elected as a director and consent of publication of his/her personal information together with his/her full name and biographical details as required by Rule 13.51(2) of the Listing Rules; and (iii) the contact details, within the period commencing on the day after the dispatch of the notice of the general meeting appointed for such election and ending on the date falling seven days prior to the date of such general meeting.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Other enquiries or comments raised by any Shareholder can be mailed to the Board at the Company's principal place of business in Hong Kong at Suite 812, 8th Floor, Tower 1, The Gateway, Harbour City, No.25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, through the Company's official website (www.eekagroup.com), or sent through fax number at (852) 2325 5685, or through the Company's hotline at (852) 2325 5292.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL PLACE OF BUSINESS

EEKA Fashion Holdings Limited (the "Company", together with its subsidiaries, the "Group") was incorporated in Hong Kong and has its registered office at Conyers Trust Company (Cayman) Limited, Cricked Square, Hutchins Drive P.O Box 2681 Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong at Suite 812, 8th Floor, Tower 1, The Gateway, Harbour City, No.25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is made up of leading and fast growing high-end ladies-wear companies in the People's Republic of China (the "PRC"). The principal activities and other particulars of the subsidiaries of the Company are set out in note 1 to the financial statements.

BUSINESS REVIEW

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 RMB400–1000 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 a lifestyle aesthetic of "leisure and quality" through dynamic videos, static images, offline themed exhibitions, and online multimedia matrix. 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. Details of business review and prospect of the Company are disclosed in the section headed "Management Discussion and Analysis" on pages 17 to 50 of this annual report. Details of the financial key performance indicators are set out in the section headed "Financial Highlights" on pages 6 to 7 of this annual report. There have been no significant events affecting the Group which have occurred since the financial year end.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent to the fashion business and some are from external sources. Major risks faced by the Group are summarized below.

(a) Fashion risk

The fashion industry is highly susceptible to changes in fashion trends and fluctuations in consumer tastes and preferences. In order to achieve continued and sustainable success in our business, we must be able to anticipate, identify and respond promptly to such changes. We believe that our success depends on our ability to anticipate, identify and interpret the habits and tastes of, and trends among, our targeted customers and to offer products that appeal to their preferences. If we fail to anticipate accurately and respond to the shifts in consumer preferences, or fail to introduce new and improved products to satisfy those preferences in a timely manner or adjust our product mix accordingly, we may experience lower sales volumes, lower selling prices and lower profit margins. As such, our financial results may be adversely affected. On the other hand, if we fail to anticipate the increase in consumer demand for our ladies-wear products, we may experience inventory shortages and loss of sales opportunities, which may also materially and adversely affect our image.

(b) Intense competition

The womenswear industry in the PRC is characterised by intense competition from both international and domestic brands. We generally face competition from brands with similar brand positioning based on brand recognition, design, product mix, quality, price, customer service and breadth of retail network, among other factors. Our rapid growth may also attract attention and concerns from our competitors and new market players to adopt similar brand positioning as ours with their brands.

There is no assurance that we will be able to compete effectively against competitors who may have greater financial resources, greater scales of production, superior technology, better brand recognition and a wider, more diverse and established sales network. In order to maintain our market share and remain competitive, we may have to provide more sales incentives to our staff and distributors, and increase capital expenditures, which may in turn negatively affect our profit margins and our results of operations.

(c) Macroeconomic environment

Macroeconomic changes may result in changes in the business environment. Womenswear products may be considered as discretionary items for customers. Slower consumer spending may result in reduced demand for our products, leading to higher inventories, lower revenue and margin. It is therefore important that the Group is aware of any such changes of economic environment and adjusts its store opening plan, buying volume and business plan under different market conditions accordingly.

PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

(d) Supply chain

We engage independent third-party manufacturers to produce our fabrics and raw materials, all accessory products and certain apparel products. Any disruption in the supply of fabrics, raw materials and products from suppliers may cause problems in our supply chain. We do not have long-term contracts with any of our suppliers and we may need to compete with other companies for fabrics, raw materials and other products. Nevertheless, we have developed long-standing and good relationships with a number of our vendors so as to minimize the impact from any supply disruptions and ensure we can locate alternative suppliers of comparable quality at a reasonable price at all times. For the year ended 31 December 2023, 30.67% (2022: 28.52%) of our products were produced by our top five suppliers.

(e) Credit Risk

We sold substantially all our products directly to end-consumers through our self-operated retail stores in shopping malls and department stores in the PRC. Proceeds from the sales made in these leased retail stores are mainly collected by the department stores and the shopping malls on our behalf, and then we issue invoices and offer from 30 to 60 days. However, there is no assurance that we will be able to fully recover our receivables from our shopping malls and department stores, or that they will be settled on a timely basis.

(f) Weather

Extreme changes in weather patterns could also affect consumers' purchasing behaviour, which may lead to fluctuations in our sales revenue. For example, extended periods of unseasonably warm weather during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with such unseasonable weather conditions. These extreme or unseasonable weather conditions could have a material adverse effect on our results of operations.

(g) Information system

We are dependent on information technology systems and networks, including the internet and third-party hosted services across many of our operating activities, including sales and distribution, ordering and purchases, inventory management in all retail outlets, e-commerce business, customer relationship management, digital marketing and financial reporting. Any material disruption or slowdown of our IT systems, including a disruption or slowdown caused by our failure to successfully upgrade our systems, system failures, viruses or cyber-attacks could cause a loss of data or operation interruption.

Therefore, we invest continuously in our IT, SRM supply chain, DRP marketing, CRM member management and POS retails systems in order to keep up with the technology security and availability and integrity of critical operation data.

KEY RELATIONSHIPS

(a) Employees

Employees are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer to committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group provides induction and on-the-job training and development opportunities to its employees. The training programs cover areas such as managerial skills, sales and production, quality control, sales fairs planning and training of other areas relevant to the industry.

In addition, the Group offers competitive remuneration packages to its employees. The Group has also adopted share option and share award scheme to recognize and reward the contribution of the employees to the growth and development of the Group.

(b) Suppliers

We have developed long-standing and good relationships with our vendors and taken great care to ensure that they can share our commitment to product quality. We carefully select OEM contractors and raw material suppliers, we require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

(c) Customers

Our customers consist of end customers and distributor customers that purchase products from us and sell to end customers. We are committed to offer high-end stylish and smart-casual ladies-wear apparel fashion with our eight brands to our customers. We maintain our VIP database and have ongoing communications with our customers through various channels like the Company's website, public platform, direct mail, marketing materials and social media. We also provide training to our sales personnel to provide quality and value-added customer services at retail channels.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is committed to supporting environmental sustainability. Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Our Group adheres to the principle of recycling and reducing.

It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting the use of recycled paper, introducing the e-employee handbook, e-payment procedure and reducing energy consumption by switching off idle lightings and electrical appliance. Our Group will review its environmental practices from time to time and implement further eco-friendly measures and practices in the operation of our Group's businesses such as using LED light system in our stores and made with more eco-friendly or recyclable packaging materials to enhance environmental sustainability.

REGULATORY COMPLIANCE

As disclosed in the prospectus of the Company dated 17 June 2014, the Company's business is subject to various laws and regulations such as: The Administrative Measures for Fair Transactions between Retailers and Suppliers《零售商供應商公平交易管理辦法》(which provides the code of business conduct, collection of charges, payment of purchases, return policies and punishments between retailers and suppliers during the transactions), The Measures for Administration on Sales Promotion Acts of Retailers《零售商促銷行為管理辦法》(which provides the standards and requirements of retailers' sales promotion and advertisement); and The Administrative Measures for Online Trading (which are applicable to all behaviours in relation to online product trading and relevant services). During the year ended 31 December 2023, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2023 are set out in note 32 to the consolidated financial statements. The transactions with related parties described at paragraph (a) of the said note constitute continuing connected transactions within the meaning of the Listing Rules and compliance with the disclosure requirements were made in accordance with Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The customers consist of end customers and distributor customers that purchase products from the Group and sell to end customers. Aggregate sales to the Group's largest and five largest customers accounted for less than 30% of the Group's total revenue and neither a single customer accounted for more than 10% of the Group's revenue for the years ended 31 December 2022 and 2023.

The suppliers of the Group consist of OEM contractors and raw material suppliers. Aggregate purchases from the Group's largest and five largest suppliers accounted for 17.36% (2022: 17.85%) and 30.67% (2022: 28.52%), respectively, of the Group's total purchases from suppliers for the year ended 31 December 2023. The largest OEM contractor, Shenzhen Yingjia Fashion Ltd ("Yingjia Fashion"), is a connected person owned as to 53% and 47% by Ms. Chen Lingmei and Mr. Jingquan respectively, who are the parents of Mr. Jin Ming, one of our executive Directors, and all other OEM contractors are independent third parties. The VAT-inclusive processing fees incurred to Yingjia Fashion for the years ended 31 December 2022 and 2023 amounted to RMB288.07 million and RMB349.62 million, respectively, representing 23.80% and 22.83% of total purchase of outsourced products and sub-contracting fees during the same periods, respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 8 of the annual report. This summary does not form part of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2023 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 134 to 220 of the annual report.

DIVIDEND POLICY

The policy on payment of dividend of the Company is in place to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. The declaration and payment of dividends of the Company shall be determined at the discretion of the Board and subject to all applicable laws and regulations in the Cayman Islands and Hong Kong and the Articles of Association of the Company. The policy shall be reviewed periodically and the Board will make any necessary amendments as appropriate from time to time.

When considering the declaration and payment of dividends, the Board shall take into account, among others (i) the overall results of operation of the Group, (ii) the financial position of the Group, (iii) the capital requirements of the Group, and (iv) the interests of the shareholders of the Company.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any final dividend for a financial year will be subject to shareholders' approval.

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.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

As at 31 December 2023, the total issued share capital of the Company was 704,050,195 ordinary shares.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Act (Revised), Cap. 22 of the Cayman Islands, amounted to approximately RMB1,059.78 million.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated statement of profit or loss and other comprehensive income for the year are set out in notes 6 and 8 to the financial statements.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 1 to the financial statements.

CAPITAL EXPENDITURE

During the year, the Group's total capital expenditure amounted to approximately RMB110.95 million (2022: RMB170.32 million) which was mainly attributed to the store decoration and purchase of office, furniture and equipment for each retail store capitalised under leasehold improvements and furniture, fixtures and equipments.

The details of the properties, plant and equipment of the Group are set out in note 13 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in note 26 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who hold office during the year and up to the date of this report are:

Executive Directors
Mr. JIN Ming (Chairman and Chief Executive Officer) (appointed on 23 March 2012)
Ms. HE Hongmei (appointed on 3 March 2014)
Mr. JIN Rui (appointed on 23 August 2019)

Independent Non-executive Directors
Mr. ZHONG Ming (appointed on 6 June 2014)
Mr. ZHOU Xiaoyu (appointed on 30 June 2016)
Mr. ZHANG Guodong (appointed on 17 July 2017)

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years and each of the independent non-executive Directors of the Company has entered into a letter of appointment with the Company for a specific term of two years, subject to his retirement and re-election at annual general meeting in accordance with the Company's Articles of Association. None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation). The details of the remuneration of each of the Directors are set out in note 8 to the consolidated financial statements.

The Company has received annual confirmation on independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the related paragraph headed "Connected transactions" below and the related party transactions in note 32 to the financial statements, there was no transaction, arrangement or contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the paragraph headed "Directors 'and chief executive's interest in securities" and in the paragraph headed "Share award scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Directors and Senior Management Profile" on pages 53 to 56 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 31 December 2023, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Director	Nature of interest	No. of Shares/ underlying shares held	Position	Approximate percentage of issued share capital
Mr. Jin Ming	Founder of a discretionary trust (note 1)	247,715,000	Long	35.18%
Ms. He Hongmei	Beneficial owner (note 2)	666,074	Long	0.09%
Mr. Jin Rui	Founder of a discretionary trust (note 3)	198,713,195	Long	28.22%

Notes:

1. These shares are held by Koradior Investments Limited, which is wholly-owned by Mayberry Marketing Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Fiona Trust. The Fiona Trust is a discretionary trust set up by Mr. Jin Ming as settlor. The beneficiaries of Fiona Trust are Mr. Jin Ming, his spouse and his children. Mr. Jin Ming as founder of Fiona Trust is taken to be interested in the 247,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

2. These represent the underlying awarded shares of the share awards granted to Ms. He Hongmei.

3. These shares are held by Apex Noble Holdings Limited, which is wholly-owned by Heritage Holdings Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Jin's Heritage Trust. The Jin's Heritage Trust is a discretionary trust set up by Mr. Jin Rui as settlor. The beneficiaries of the Jin's Heritage Trust are Mr. Jin Rui, his spouse and his children. Mr. Jin Rui as founder of the Jin's Heritage Trust is taken to be interested in the 198,713,195 Shares held by Apex Noble Holdings Limited by virtue of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARE AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2023, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
Koradior Investments Limited (note 1)	Beneficial owner	247,715,000	Long	35.18%
Mayberry Marketing Limited (note 1)	Interest in a controlled corporation	247,715,000	Long	35.18%
Apex Noble Holdings Limited (note 2)	Beneficial owner	198,713,195	Long	28.22%
Heritage Holdings Limited (note 2)	Interest in a controlled corporation	198,713,195	Long	28.22%
BOS Trustee Limited (note 3)	Trustee	446,428,195	Long	63.41%
CA Indosuez (Switzerland) SA, Hong Kong Branch	Depositary	59,560,000	Long	8.46%

Notes:

1. The entire issued share capital of Koradior Investments Limited is wholly-owned by Mayberry Marketing Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Fiona Trust. The Fiona Trust is a discretionary trust set up by Mr. Jin Ming as settlor. The beneficiaries of Fiona Trust are Mr. Jin Ming, his spouse and his children. Mr. Jin Ming as founder of Fiona Trust is taken to be interested in the 247,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

2. The entire issued share capital of Apex Noble Holdings Limited is wholly-owned by Heritage Holdings Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Jin's Heritage Trust. The Jin's Heritage Trust is a discretionary trust set up by Mr. Jin Rui as settlor. The beneficiaries of Jin's Heritage Trust are Mr. Jin Rui, his spouse and his children. Mr. Jin Rui as founder of Jin's Heritage Trust is taken to be interested in the 198,713,195 Shares held by Apex Noble Holdings Limited by virtue of Part XV of the SFO.

3. BOS Trustee Limited is the trustee of: (i) Fiona Trust, which was established by Mr. Jin Ming as settlor in favour of the beneficiaries of Fiona Trust, held 100% of the issued share capital of Mayberry Marketing Limited, which in turn held 100% of the issued share capital of Koradior Investments Limited; and (ii) Jin's Heritage Trust, which was established by Mr. Jin Rui as settlor in favour of the beneficiaries of Jin's Heritage Trust, held 100% of the issued share capital of Heritage Holdings Limited, which in turn held 100% of the issued share capital of Apex Noble Holdings Limited.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme (the "Scheme") pursuant to the resolutions of the shareholders of the Company passed on 6 June 2014:

1. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of our Company and its shareholders as a whole. The Scheme, which is valid for 10 years from 6 June 2014, will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants.

2. The participants include any directors (including executive Directors, non-executive Directors and independent nonexecutive Directors) and full-time employees of any member of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

3. Unless otherwise approved by shareholders in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time.

4. An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during a period to be notified by the Directors to each grantee, subject to acceptance of the grantee and the payment of HK$1.00 by the grantees upon acceptance of an option. The period for exercise may commence on the date upon which the offer for grant of options is made ("Offer Date") but shall expire on the day immediately preceding the tenth anniversary of the Offer Date.

5. The Shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of our Company shall not exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange and any Shares which may be allotted and issued by our Company pursuant to the over-allotment option (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

6. The subscription price for shares under the Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Directors, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the Offer Date; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

As at 9 July 2022, all share options granted under the Scheme have lapsed.

No share option was granted, vested, cancelled or lapsed during the year ended 31 December 2023 and there was no share option outstanding under the Scheme at the beginning and at the end of the financial year.

The number of options available for grant under the Scheme Mandate Limit at the beginning and the end of the financial year were both 40,500,000. The total number of shares available for issue under the Scheme (including options granted but not yet exercised and options available for issue) is 40,500,000 Shares, representing 5.75% of the issued share capital of the Company as at the date of this report.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Award Scheme") on 2 December 2019:

1. The purpose of the Award Scheme is to recognise and motivate the contribution of the eligible participants, to provide incentives and help the Company in retaining its existing participants and recruiting additional participants and to provide them with a direct economic interest incentives in attaining the long-term business objectives of the Company. The Award Scheme was adopted by the Board on 2 December 2019 (the "Adoption Date") and shall be valid until the 10th anniversary of the Adoption Date.

2. The participants ("Grantee(s)") include any employee (excluding any Excluded Grantee (Note)), director, officer, of any member of the Group or any affiliate ("Employee"), any consultant or advisor of any member of the Group, or any trustee of a trust established for the benefit of any employee of any member of the Group, or any director or officer (which is of management level) of any supplier of any member of the Group (excluding any Excluded Grantee (Note)) ("Non-employee"). No amount is payable by the Grantees on acceptance of the awards.

3. The Board shall not make any further award of awarded Shares which will result in the number of Shares awarded by the Board under the Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (the "Award Scheme Limit").

4. The maximum number of Shares which may be awarded to a selected Grantee under the Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

5. Subject to the terms and conditions of the Award Scheme and the fulfilment of all vesting conditions (if any) on such selected Grantee as specified in the Award Scheme and the relevant vesting notice, the respective awarded Shares held by the trustee of the Award Scheme (the "Trustee") on behalf of the selected Grantee shall vest in such selected Grantee in accordance with the vesting schedule as set out in the vesting notice, provided that the selected Grantee remains at all times after the grant of the award and on the relevant vesting date(s) a Grantee. The Trustee shall purchase the Shares on open market at the prevailing market price.

Note: Excluded Grantee refers to (i) at the time of the proposed grant of an award, any Employee whose service in the Group does not exceed 1 year from the expiry date of his probationary period as stated in his employment contract with the Group, or (ii) any Employee or Non-employee who is resident in a place where the award of the awarded Shares and/or the vesting and transfer of the awarded Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustees (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Employee or Non-employee.

SHARE AWARD SCHEME *(Continued)*

During the year ended 31 December 2022, the Trustee had purchased an aggregate of 10,960,000 Shares on open market to hold on trust for the selected persons pursuant to the terms and conditions of the rules of the Award Scheme and the trust deed.

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

The following table shows the details of the Company's share awards during the year:

		Number of share awards						
Name or category of grantee	Date of grant	At 1 January 2023	Granted during the year	Vested during the year	Cancelled/ Lapsed during the year	At 31 December 2023	Vesting period	Closing price per share immediately before the date of grant (HK$)
Director								
Ms. He Hongmei	14 April 2020	565,200	–	(389,600)	–	175,600	15/5/2020 (note1)	7.58
	15 December 2023	–	354,800	–	–	354,800	15/5/2024	14.40
The five highest paid individuals (excluding Director)	14 April 2020	850,000	–	(598,500)	–	251,500	15/5/2020 (note1)	7.58
	15 December 2023	–	823,100	–	–	823,100	15/5/2024	14.40
Other employees	14 April 2020	12,656,000	–	(6,165,900)	(1,135,400)	5,354,700	15/5/2020 (note1)	7.58
	15 December 2023	–	8,466,100	–	–	8,466,100	15/5/2024	14.40
Total		14,071,200	9,644,000	(7,154,000)	(1,135,400)	15,425,800		

note 1: The awarded shares shall be subject to fulfilment of vesting conditions and be vested to the selected grantees in five equal tranches annually from 15 May 2020.

On 15 May 2020, the first tranche totalling 8,058,200 Awarded Shares have vested and 136,400 Awarded Shares have been forfeited, and 1,017,000 Awarded Shares being forfeited on 31 December 2020.

On 15 May 2021, the second tranche totalling 7,918,200 Awarded Shares have vested and 22,150 Awarded Shares have been forfeited, and 752,850 Awarded Shares being forfeited on 31 December 2021.

On 15 May 2022, the third tranche totalling 7,507,160 Awarded Shares have vested and 182,240 Awarded Shares have been forfeited, and 1,307,600 Awarded Shares being forfeited on 31 December 2022.

On 30 August 2023, the third tranche totalling 7,154,000 Awarded Shares have vested and 509,600 Awarded Shares have been forfeited, and 625,800 Awarded Shares being forfeited on 31 December 2023. The awarded Shares vested during the year were purchased at the purchase price of HK$9.74 per Share and the weighted average closing price of the Shares immediately before the date on which the awarded Shares were vested was HK$12.50 per Share.

On 15 December 2023, the Board resolved to grant an aggregate of 9,644,000 Awarded Shares pursuant to the Share Award Scheme to certain Selected Grantees. The Awarded Shares, subject to fulfilment of vesting conditions, will be vested to the Selected Grantees on 15 May 2024. The fair value of the Awarded Shares granted during the year was HK$138,873,600 (equivalent to RMB125,050,841), of which the Group recognised an awarded share expense of HK$14,618,000 (equivalent to RMB13,163,000) during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the financial year.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, each of Mr. Jin Ming and Koradior Investments Limited (together as the "Controlling Shareholders") had entered into a deed of non-competition dated 16 June 2014 (the "Deed of Non-Competition") in favor of the Company (for itself and as trustee for the benefit of each of the members of our Group from time to time) that, among other matters, (i) he/it shall not, and shall use his/its best endeavours to procure each of their respective associates not carry on or be engaged in, invest in, participate or attempt to participate in, render any services to, provide any financial support to or otherwise be concerned with or interested in, directly or indirectly, whether as a director or a shareholder (other than being a director or a shareholder of our Group), partner, agent or otherwise, in the design, promotion, marketing, sales and distribution of ladies-wear in the PRC as engaged in by our Company or in any other business that may compete, directly or indirectly with such business (the "Restricted Activity"); and (ii) if the Controlling Shareholders or their associates are given any business opportunity relating to the Restricted Activity (the "Competing New Business Opportunity"), he/it shall, and shall use his/its best endeavours to procure that his/its associates (other than the Group) inform the Company of any such Competing New Business Opportunity in writing and shall use his/its best endeavours to assist the Company in obtaining such Competing New Business Opportunity on the same or more favourable terms.

In order to ensure each of the Controlling Shareholders has complied with the Deed of Non-Competition, the following actions have been taken:

(1) the Company has enquired the Controlling Shareholders, from time to time, on whether he/it or any of his/its associates has engaged in any Restricted Activity or is given any Competing New Business Opportunity;

(2) the Company has required each of the Controlling Shareholders to give confirmation to the Company on an annual basis as to whether he/it and his/its associates have complied with the Deed of Non-Competition;

(3) each of the Controlling Shareholders has provided to the Company such written confirmation in respect of the compliance with the Deed of Non-Competition by his/it and his/its associates for the year ended 31 December 2023; and

(4) the independent non-executive directors of the Company have reviewed the status of compliance by the Controlling Shareholders with the undertakings in the Deed of Non-Competition during the year ended 31 December 2023 and confirmed that, so far as they can ascertain, each of the Controlling Shareholders has complied with the Deed of Non-Competition.

The Company is not aware of any other matters regarding the compliance of the Deed of Non-Competition that are required to be brought to the attention of the shareholders of the Company, and there has not been any change in terms of the Deed of Non-Competition for the year ended 31 December 2023.

CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with connected persons of the Company within the meanings of the Listing Rules.

Mr. Jin Ming ("Mr. Jin") is our chief executive officer, chairman and executive Director and is therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules. Mr. Wang Sumin ("Mr. Wang") is the brother-in-law of Mr. Jin, and thus Mr. Wang is an associate of Mr. Jin and a connected person of our Company under the Listing Rules. Shenzhen Yingjia Fashion Ltd ("Yingjia Fashion") is 53.00% owned by Ms. Chen Lingmei who is the mother of Mr. Jin. Accordingly, Yingjia Fashion (including its subsidiaries) is a connected person of our Company under Rule 14A.12(2)(b) of the Listing Rules.

EXEMPTED CONNECTED TRANSACTION

(A) Set out below are the details of the exempted connected transaction entered into between our connected person and a member of our Group. Pursuant to Rule 14.07 of the Listing Rules, the applicable percentage ratios (other than the profits ratio) of the following exempted connected transaction are less than 5.00% and the annual consideration is less than HK$3,000,000. By virtue of Rule 14A.76(1) of the Listing Rules, it was exempted from the reporting, announcement requirements and the independent shareholders' approval requirements.

Lease of office from Mr. Wang

On 1 March 2014, Shenzhen Koradior entered into a lease agreement with Mr. Wang, pursuant to which Shenzhen Koradior leased an office located at 8/F, Zone B, Shum Yip Terra's Hongsong Building, Terra 6th Road North, Futian, Shenzhen, the PRC, with a total floor area of approximately 426 sq.m., from Mr. Wang at RMB51,173 per month. The annual rental will not be more than HK$999,999 if converted into Hong Kong dollars. The lease agreement had been renewed for a term up to 31 December 2023. On 20 December 2022, Shenzhen Naersi entered into a lease agreement with Mr. Wang for the lease of the above office at RMB63,966 per month and the term commenced from 1 January 2023 to 31 December 2023. On 19 December 2023, Shenzhen Naersi entered into a lease agreement with Mr. Wong for the lease of the above office at RMB63,966 per month and the term commenced from 1 January 2024 to 31 December 2025.

By entering into the above lease agreement, our Group is able to continue to lease the office to conduct its business operations without the need to find and relocate to alternative offices.

Our Directors consider that the leases stated above are in our Group's ordinary and usual course of business, on normal commercial terms, and their terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

(B) Processing Agreement with Yingjia Fashion Group

(i) Background

Since our Group does not have any in-house production facilities, Shenzhen Koradior has outsourced the production of our products to third party OEM contractors, including Yingjia Fashion, since the commencement of our business in 2007. Since 2017, Yingjia Fashion has delegated and centralised the processing and manufacturing services to be provided by its subsidiaries, as our Company believed such strategy would allow us to reduce investment in fixed assets and generate higher returns on our assets.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

(B) Processing Agreement with Yingjia Fashion Group *(Continued)*

(ii) Services

On 15 March 2014, Shenzhen Koradior entered into a processing agreement with Yingjia Fashion (the "2014 Processing Agreement"), as supplemented on 9 June 2014, pursuant to which Yingjia Fashion agreed to provide certain processing and manufacturing services to Shenzhen Koradior, including but not limited to manufacturing products according to (i) the manufacturing standards and processing techniques stipulated by Shenzhen Koradior or (ii) standard samples provided and confirmed by the design team of Shenzhen Koradior. The 2014 Processing Agreement is for a term from 15 March 2014 to 31 December 2016 and was renewed on 23 November 2016 for a term of three years commencing from 1 January 2017 to 31 December 2019 (the "2016 Processing Agreement").

On 26 May 2017, Shenzhen Koradior and Yingjia Fashion (Ganzhou) Co., Ltd. ("Ganzhou Yingjia"), a wholly-owned subsidiary of Yingjia Fashion, entered into a new processing agreement (the "2017 Processing Agreement") to renew the 2016 Processing Agreement in order to revise the annual caps for the provision of processing and manufacturing services by Ganzhou Yingjia to the Group for the three years commencing from 1 January 2017 up to and including 31 December 2019.

On 30 November 2018, Shenzhen Koradior, Ganzhou Yingjia and Shenzhen Ifashion Cloud Technology Co., Ltd. ("Shenzhen Ifashion" together with Ganzhou Yingjia, "Yingjia Fashion Group"), a wholly-owned subsidiary of Yingjia Fashion, entered into a new processing agreement (the "2018 Processing Agreement") to renew the 2017 Processing Agreement in order to revise the annual caps for the provision of processing and manufacturing services by Yingjia Fashion Group to the Group for the three years commencing from 1 January 2018 up to and including 31 December 2020.

On 28 June 2019, Shenzhen Koradior, Shenzhen Naersi, Ganzhou Yingjia and Shenzhen Ifashion entered into a new processing agreement (the "2019 Processing Agreement") to renew the 2018 Processing Agreement in order to revise the annual caps for the provision of processing and manufacturing services by Yingjia Fashion Group to the Group for the three years commencing from 1 January 2019 up to and including 31 December 2022.

On 27 April 2022, Shenzhen Koradior, Shenzhen Naersi, La Kordi, Shenzhen Mondial and Shenzhen Fangfu Ganzhou Yingjia and Shenzhen Ifashion entered into a new processing agreement (the "2022 Processing Agreement") to renew the 2019 Processing Agreement in order to revise the annual caps for the provision of processing and manufacturing services by Yingjia Fashion Group to the Group for the three years commencing from 1 January 2022 up to and including 31 December 2024.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

(B) Processing Agreement with Yingjia Fashion Group *(Continued)*

(iii) Internal control procedures

To ensure future transactions with Yingjia Fashion Group are on normal commercial terms, we have adopted the following internal control procedures:

(i) we will develop our own estimate of processing fee based on factors mentioned above and obtain fee quotations from independent comparable OEM contractors for products which require processing services in similar quantities to determine if the price and terms offered by Yingjia Fashion Group are fair and reasonable and comparable to those offered by independent comparable OEM contractors;

(ii) we will select the successful OEM contractor for individual transaction based on objective standards such as publicly available raw material prices, the scale and reputation of the relevant OEM contractor, price and quality of processing services and products, and product delivery time and services;

(iii) regular reports regarding our Group's purchase and other relevant information will be provided to the independent non-executive Directors who will conduct semi-annual review of the purchase terms (including whether these are based on factors mentioned above) and the fairness of our Group's basis of selecting its OEM contractors; and

(iv) we will review and conduct sample checking regularly on the tag price of products in order to maintain the accurate tag price in the system.

Our Directors believe that the above measures will ensure that our Group's transactions with Yingjia Fashion Group are and will be conducted on normal commercial terms and the terms are not and will not be prejudicial to the interests of our Company and our minority Shareholders.

(iv) Reasons for and benefit of entering into the Processing Agreement

(i) the continuing focus on the production strategy of the Group of production through the Group's own raw material procurement with processing arrangement through OEM contractors rather than through purchase of finished products manufactured by OEM contractors, benefiting the Group by enhancing the overall profit margin;

(ii) the brands of the Group have achieved favourable results and the anticipated consistent performance and growth; and

(iii) given the long-term cooperation with Ganzhou Yingjia and Shenzhen Ifashion and their proven quality of services, the Group considers the processing agreement with them can provide a stable supply of quality services and respond to the increasing customer requirement for improved quality.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

(B) Processing Agreement with Yingjia Fashion Group *(Continued)*

(v) Transaction amounts

For the year ended 31 December 2023, the VAT-inclusive processing fees incurred to Ganzhou Yingjia and/or Shenzhen Ifashion amounted to approximately RMB349.62 million and accounted for approximately 22.83% of our total purchase of outsourced products and subcontracting fees during the same periods, which is within the maximum annual amount of RMB360.00 million.

(vi) Annual caps

The maximum amount of VAT-inclusive processing fees under the 2022 New Agreement shall not exceed the cap of RMB300.00 million, RMB360.00 million and RMB432.00 million respectively for each of the three years ending 31 December 2022, 2023 and 2024.

In arriving at the above annual caps, our Directors have considered, among others, (i) historical processing fees Shenzhen Koradior paid to Yingjia Fashion Group in the past; (ii) the estimated market demand from customers for products of the Group; and (iii) the estimated size of production to be outsourced to Ganzhou Yingjia and Shenzhen Ifashion for processing and manufacturing.

Our Directors are of the view that (i) the 2022 Processing Agreement has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and the terms of the 2022 Processing Agreement are fair and reasonable and are in the interests of our Company and our Shareholders as a whole; and (ii) the revised annual caps set for the 2022 Processing Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

As all the applicable percentage ratios (other than the profit ratio) in respect of the 2022 Processing Agreement are more than 0.1% and more than 5%, the 2022 Processing Agreement was subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The 2022 Processing Agreement has been approved pursuant to the ordinary resolution of shareholders passed at the Extraordinary General Meeting held on 20 June 2022.

The independent non-executive Directors have reviewed and confirmed that the above non-exempt continuing connected transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the 2022 Processing Agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 83 to 87 of the annual report in accordance with Rule 14A.56 of the Listing Rules.

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.

MANAGEMENT CONTRACTS

No contract, other than directors' service contracts and employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2023.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every Director and other officers of the Company shall be entitled to be indemnified by the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in the execution and discharge of his or her duties or in relation thereto pursuant to the Company's Articles of Association. Such provisions were in force during the course of the financial year ended 31 December 2023 and remained in force as of the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 57 to 69 in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

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.

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.

AUDITORS

The consolidated financial statements for the year ended 31 December 2023 have been audited by Ernst & Young, who shall retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Jin Ming
Chairman and Chief Executive Officer

25 March 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

EEKA Fashion Holdings Limited ("EEKA Fashion" or the "Company", together with its subsidiaries are collectively referred to as the "Group") is pleased to present its report on the Environmental, Social, and Governance (the "ESG") aspects (the "ESG Report"), in accordance with the guidelines of Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "HKEx") (the "ESG Guidelines").

Established in 2007, we are one of the leading and fast growing middle and high-end womenswear companies in the PRC. We are engaged in the design, promotion, marketing and sales of products under our self-owned and acquired brands, Koradior, La Koradior, ELSEWHERE, CADIDL, FUUNNY FEELLN, NAERSI, NEXY.CO and NAERSILING. The ESG Report covers the Group's overall performance, commitment and approaches in workplace quality, environmental protection, operating practices and community involvement in relation to the abovementioned operations during the year ended 31 December 2023. All information and data disclosed herein were based on formal documents and internal statistics of the Group.

1.1 Scope of the Report

The ESG Report focuses on the sustainability approach and performance in the environmental and social aspects of the Group's retail business of its house brands, during the reporting period from 1 January 2023 to 31 December 2023. The environmental key performance indicators ("KPIs") from A1.1 to B3.2 as disclosed in the ESG Report are based on the Group's headquarters, business place in Hong Kong and retail stores in Mainland China. The Group will continue to strengthen information collection in order to enhance the performance in environmental realm and to disclose relevant information in sustainable development.

1.2 Reporting Framework

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

1.3 Reporting Principles

Materiality

The Groups has adopted the stakeholder engagement and materiality assessment which has identified ESG related issues, gathered and reviewed the opinions from the management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated information of the ESG Report. The ESG Report provides comprehensive coverage of the key ESG issues of concern to the Group's stakeholders.

Quantitative

The Group has disclosed Key Performance Indicator ("KPI") in the Report adopts quantitative data as far as possible to facilitate evaluation and validation. The criteria, methods, references and conversion factors used to calculate the KPIs are stated whenever possible in order to provide stakeholders with a comprehensive understanding of the Group's ESG performance.

ABOUT THIS REPORT *(Continued)*

1.3 Reporting Principles *(Continued)*

Balance

The Group presents in an unbiased way to stakeholders the performance in sustainable development to provide readers with true and objective information.

Consistency

The Group uses consistent statistical methodology for disclosures to facilitate the comparison of ESG performance between years as far as reasonable, and details the significant changes in methodologies in the relevant sections. The data and information used in this report are referenced from the archived documents, records, statistics and research.

1.4 The meaning and importance of ESG

ESG (environmental protection, social responsibility and corporate governance) has become a key indicator for evaluating the sustainable operation of enterprises. Companies need to perform well in environmental sustainability issues, social responsibility and corporate governance to achieve sustainable business goals. The introduction of ESG by enterprises not only helps maintain corporate image, but also provides important decision-making basis for investors.

1.5 The relationship between corporate core values and ESG

The company's core values should be consistent with the ESG concept, highlighting the company's commitment to sustainable operations. Companies need to implement ESG in products and services, operations management, supply chains, employee benefits, etc. to reflect their responsible attitude towards the environment, society and governance.

1.6 Integrating into corporate culture: the combination of ESG and corporate philosophy

Corporate culture is a concrete reflection of corporate philosophy, and the integration of ESG concepts can enhance employees' sense of corporate identity and belonging. Companies need to promote ESG in terms of training, system construction, reward mechanisms, etc., so that employees can internalize ESG concepts and jointly achieve sustainable development goals.

1.7 Employee participation: ESG becomes an element of team building

Companies can engage employees in ESG practices in various ways, making ESG an important element in team building. For example: greening office spaces, reducing waste and improving energy efficiency, participating in beach clean-ups and other actions. In addition, conducting social responsibility projects, such as supporting local communities, participating in charity activities, or collaborating with non-profit organizations, can give employees a deeper understanding of corporate social responsibility.

ABOUT THIS REPORT *(Continued)*

1.8 Strengthen team building: enhance ESG awareness and communication among employees

Companies can enhance ESG awareness and communication among employees by regularly holding ESG-related team-building activities. These activities can include special seminars, workshops, green actions, etc., allowing employees to practice and share ESG-related experiences and insights, and improve team cohesion. At the same time, an internal corporate communication platform can also be set up to encourage employees to actively put forward ESG-related suggestions at work and incorporate them into the company's decision-making process.

1.9 Challenges and Opportunities: Current Situation of Promoting ESG in China

Chinese companies face challenges such as limited resources and insufficient ESG information. However, this also brings opportunities for transformation and upgrading. Companies can develop strategies for local ESG development by introducing international standards and referring to successful cases. In addition, during the transformation process, China's small and medium-sized enterprises should start from product design, raw material procurement and process adjustment to promote low-carbon manufacturing.

ESG DEVELOPMENT MANAGEMENT

2.1 Board statement

The Group understands its responsibility to be accountable to all its stakeholders, including the HKEx, government/regulatory authorities, shareholders/investors, employees, customers, suppliers, general public, etc. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach to establish a sound communication method in order to better meet each stakeholder's expectations (please refer Stakeholders' Feedback and Engagement below for details).

The top down approach of this report used to identify, evaluate, prioritise and manage to material ESG related issues for the sake of striking a balance among business needs, social demands and environmental impacts are committed to continuously monitoring the risks and exploring opportunities existed in daily operations, and embracing transparent corporate culture to ensure our sustainability strategies are well communicated to our employees, clients, the communities and other stakeholders by implementing sustainability strategies to all levels of the Group.

The Board (the "Board") of directors (the "Directors") of the Company, as the ultimate decision-making unit leading the enterprise, is responsible for setting the sustainability management strategies and direction and assumes the ultimate governance responsibility for sustainability matters. While the Board has delegated the formulation of the implementation plans and the supervision of the ESG risk assessment mechanism to oversee and guide the responsible management teams, as well as identify and review the ESG and corporate governance issues relevant to the Group through investor monthly report, news broadcast and internal control and risk report regularly. The Board will also receive training on ESG and corporate governance in a timely manner, so as to keep abreast of the latest regulatory and disclosure requirements.

ESG DEVELOPMENT MANAGEMENT *(Continued)*

2.2 ESG Vision and Strategy

In 2023, ESG sustainable development has become a core element of corporate competitiveness. Implementing ESG in our corporate culture and core values is the challenge we are about to face. We shall explore the meaning of ESG together, understand its importance, and discuss how to integrate ESG concepts into green strategies and team building in the next ten years. Our mission is to combine fashion aesthetics and savour the exquisite life. As our vision is to become a globally renowned Chinese affordable luxury brand management group, EEKA Fashion will keep creating sustainable fashion in our DNA including environmental sustainability, product sustainability, talent sustainability, and community sustainability. With the impact of the epidemic and the rise of social media, EEKA Fashion is increasingly paying attention to ESG. In the future, EEKA Fashion will continue to innovate in ESG strategies to cope with the various areas for our customer, employees and suppliers. EEKA Fashion also actively implements ESG concepts which will enable it to maintain competitiveness on the different stage and achieve sustainable development.

EEKA Fashion – Green vision and team building

Product sustainability	**Talent sustainability**	**Environment sustainability**	**Community sustainability**
Sustainable materials	Talent engagement and development	Resource recycling	Industry collaborative development
Product quality and safety	Employee health and safety	Energy conservation	Contribution to local development
R&D and innovation			
Brand power building			
Sustainable supply chain			

ESG DEVELOPMENT MANAGEMENT *(Continued)*

2.3 Stakeholders' feedback and engagement

We recognise the ESG Report as an important measure to showcase our efforts in sustainable development, which is an integral part of our success and aspiration to become one of the front-running international brands with high quality in design and fabrics.

In realising sustainable development, we are devoted to strike a balance of the interests among various stakeholders, such as investors and shareholders, customers, employees, work partners and suppliers as well as the community. We also attach high importance to communication with our stakeholders as we undertake the following:

Stakeholders	**Expectations and concerns**	**Communication Channels**
The Stock Exchange	– Compliance with the Listing Rules, publishing of announcements in a timely and accurate manner	– Meetings, trainings, seminars, website update and announcements
Government and regulatory authorities	– Compliance with laws and regulations – Business sustainability	– Supervision on the compliance with local laws and regulations – Routine reports
Shareholders or investors	– Return on investments – Corporate governance – Business compliance	– Regular reports and announcements – Regular general meetings – Company's official website
Employees	– Employees' compensation and benefits – Training and development – Performance reviews	– Regular meetings and trainings – Protection for the labor force and safety – Organization of team activities in the workplace
Customers	– High quality products and services – Protection of customers' rights	– Customer satisfaction survey – Face-to-face meetings and on-site visits – After-sale services
Suppliers	– Fair and open procurement – Win-win cooperation – Payment schedule, supply stability	– Open tendering – Suppliers' satisfactory assessment – Face-to-face meetings and on-site visits
General public	– Involvement in communities – Business compliance – Environmental protection awareness	– Media conferences and responses to enquiries – Public welfare activities – Company's official website

We welcome stakeholders' feedback on our ESG approach and performance. Please share your views with us via:

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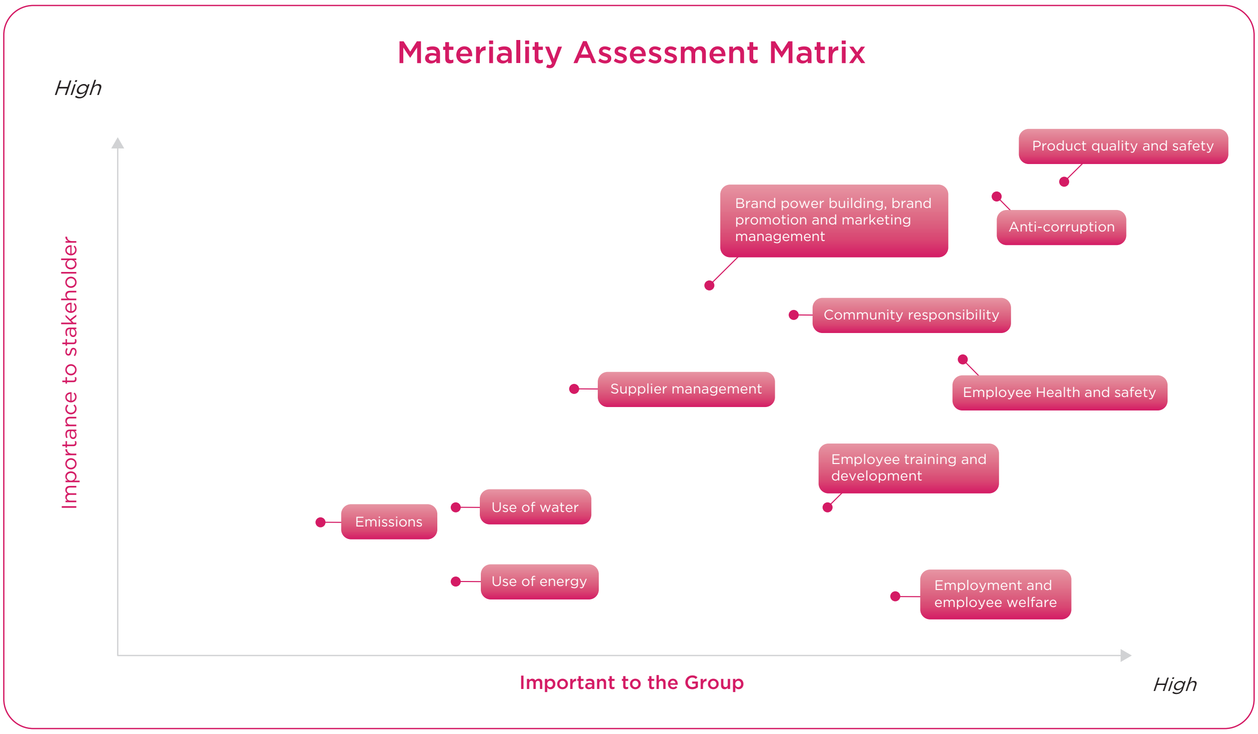
Phone: (852) 2325-5292
Email: ir@eekagroup.com
Website: http://www.eekagroup.com

ESG DEVELOPMENT MANAGEMENT *(Continued)*

2.4 Materiality Assessment Matrix

Materiality assessment

We have conducted an ESG materiality assessment to identify the ESG issues that stakeholders consider to be the most important, and the issues where EEKA Fashion can play the most profound role. This involved conducting interviews and/or surveys with stakeholders to identify areas have most significant operating, environmental and social impacts towards our business.



ESG GOVERNANCE FRAMEWORK

3.1 Corporate Governance Framework

Corporate Governance Framework

The Corporate Governance Framework identifies the key participants and defines the framework and process for monitoring the management of the Group to ensure that it is run in the interests of our shareholders and meets the expectations of our stakeholders.

In this Code on Corporate Governance we use this corporate governance framework to provide the background and structure to our explanations of the actions, policies, practices and procedures which we aim to follow to ensure that our standards meet our stakeholders' expectations.

Code on corporate Governance

- Commitment of the board and senior management of corporate governance
- Set up common principles that must be adhered to across the Group

Corporate Governance Framework

- Identifies all key participants in good governance
- Guides EEKA to uphold the Company's value and conduct affair with difference stakeholders in an ethical, transparent and accountable manner
- Defines the framework and process for monitoring the management of the Group
- Set up common principles that must be adhered to across the Group

Systems and standards, supported by procedures and manuals

- Internal mandatory requirements that guide day-to-day operations and practices

ESG GOVERNANCE FRAMEWORK *(Continued)*

3.2 Corporate Governance Structure

Sustainability Governance is integrated into the corporate governance structure across the Group – from board level to management and business units.

Our governance framework integrates ESG goals and metrics into the company's overall strategy and operations. We have established a governance structure, including an ESG management group and ESG working groups, to oversee and execute our ESG strategy and drive progress. We will continue to develop the responsibilities of these governing bodies in line with increasing ESG work and emerging trends.

The Board of Directors is committed to operating responsibly. The strength of a board comes from the diverse perspectives and understandings that come from having individuals with different backgrounds and experiences involved in discussions.

A. ENVIRONMENTAL

Environmental protection has long been one of the priorities of the PRC and other governments. We seek to comply with all applicable laws and regulations and to respect the natural environment. The environmental challenges facing the world prompt our resolves to become an environmentally responsible company. EEKA Fashion strives to minimise its impact to the natural environment whilst operating efficiently. We promote energy efficiency and emission reduction in all processes, from design and product planning, production and logistics, to sales and disposal. We strictly adhere to all relevant laws and regulations in relation to air pollution, greenhouse gas emissions and wastewater discharge, including but not limited to the Air Pollution Control Ordinance of Hong Kong, Atmospheric Pollution Prevention and Control Law of the People's Republic of China （《中華人民共和國大氣污染防治法》）, and Water Pollution Prevention and Control Law of the People's Republic of China （《中華人民共和國水污染防治法》）.

A1: Emission:

The Group is committed to operating in compliance with applicable environment laws and regulations in all material respects and protecting environment by minimizing the negative impact of the Group 's operation on the environment. As the Group has been outsourcing the production of all our products to domestic OEM contractors since the commencement of our business in 2007, we strive to reduce the direct emissions of greenhouse gases ("GHG") produced by combustion of fuels in production process. We have established a detailed mechanism to supervise our suppliers, including contractors, joint venture partners and suppliers of goods and services, to ensure they comply with relevant laws and regulations. Although we do not always have direct control over each procedure of the lifecycle of our products, we continue to seek improved quality and output efficiency from our suppliers. We only conduct business with suppliers who share our commitment to the environment.

During the year ended 31 December 2023 and 2022, the Group's GHG emissions are as follows:

Indicator of emissions[1]	**2023 $MTCO_2e$**	2022 $MTCO_2e$
Indirect GHG emissions (Scope 2)		
– Purchased electricity[2] and water[3]	**29,584.44**	26,083.02
Indirect GHG emissions (Scope 3)		
– Consumables[4] and business travel[5]	**7,195.70**	5,933.41
Total GHG emissions	**36,780.14**	32,016.43

There were no Scope 1 GHG emissions during the year ended 31 December 2023 and 2022.

Our Group produced a total of 36,780.14 metric tons of carbon dioxide equivalent emissions ("$MTCO_2e$") or 3.56 $MTCO_2e$ per employee during the year ended 31 December 2023, representing an increase of 14.88% or 4,763.71 $MTCO_2e$ from a total of (32,016.43) $MTCO_2e$ or an increase of 14.84% or 0.46 $MTCO_2e$ from 3.10 $MTCO_2e$ per employee during the year ended 31 December 2022, which included the emissions produced during our office activities, retails activities and business travel.

However, due to the nature of the business, our Group's business activities do not generate any hazardous waste and do not have any direct and significant impacts on the environment and natural resources in the course of its operation.

A. ENVIRONMENTAL *(Continued)*

A1: Emission: *(Continued)*

Non-hazardous wastes generated during our retail sales to customers include shopping bags and gifts boxes. Packaging materials waste, paper cup and printing paper waste generated from both office and retail activities are disposed at landfills (Note 4). In order to achieve the objectives of resources savings, the Group actively promotes and uses eco-friendly or recyclable packing materials (see A2 Use of resources – 3. Total amount of consumables). On the other hand, the Group also implemented the reduction measures to lower waste and consumption levels in our headquarters and other offices including encouraging employees to bring their own lunch boxes by setting up facilities including steamer, microwaves, refrigerator and common space, and implementing a recycling policy for disposable consumables for offices and stores.

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "How to prepare an ESG Report?—Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEx, the latest release of "Emission reduction project of the Baseline emission factor of China Regional Power Grid" issued by the Ministry of Ecology and Environment of the PRC, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development and the "CO_2 Emission from Business Travel, Version 2.0" issued by the World Resources Institute.

2. Purchased electricity data includes office activities, logistics centre and retail activities by the Group in Mainland China and Hong Kong. Office activities produced 1,511.93 $MTCO_2e$ per kilowatt-hour ("kWh") of electricity, logistics centre produced 454.09 $MTCO_2e$ per kilowatt-hour ("kWh") of electricity and retail activities produced 27,595.20 $MTCO_2e$/kWh of electricity during the year ended 31 December 2023.

3. Used water from office and logistic activities by the Group in Mainland China and Hong Kong produced 23.22 $MTCO_2e$ per cubic-meters ("m^3") during the year ended 31 December 2023, which are produced by electricity used for processing fresh water and sewage by government departments.

4. The amount of packaging materials waste, paper cup and printing paper waste disposed at landfills are 6,167.87 $MTCO_2e$, 20.96 $MTCO_2e$ and 26.09 $MTCO_2e$ respectively during the year ended 31 December 2023, resulting from both office and retail activities.

5. Business travel data only includes business travel reimbursed by the Group. Our employees travelled by plane for business travel 5,693 times, which producing 980.78 $MTCO_2e$ for the year ended 31 December 2023. The density of greenhouse gas emission is 0.09 $MTCO_2e$ per time.

A. ENVIRONMENTAL *(Continued)*

A2: Use of resources

The Group has implemented a number of internal environment policies, with appropriate equipment installed to help reduce the adverse impact brought to the environment. The main type of energy consumption of the Group is electricity. We look for improvement of energy efficiency of our stores and their construction. We use low-VOC paints in renovation. We adopt LED or other illumination systems to reduce electricity consumption. The LED lighting system saves up to 80% energy and has a long life of more than 10 times compared with traditional lighting. In addition, there are no ultraviolet and infrared rays in the LED light spectrum, and the waste can be recycled. It does not contain mercury vapor unlike traditional fluorescent lamps. There is no gas pollution and it is a typical green lighting. We strictly enforce that the lights and air-conditioning switches in the meeting room must be turned off after leaving. In order to better manage the energy consumption of the air-conditioning, we set the air-conditioning in the headquarters to 26 degrees. We constantly replace heating, ventilation, and air conditioning units with higher efficiency units.

1. *Electricity*

	Unit	**2023 $MTCO_2e$**	2022 $MTCO_2e$
Headquarter	Mwh	**2,643.99**	3,031.07
Logistics Centre	Mwh	**796.22**	696.57
Hong Kong Office	Mwh	**6.45**	6.41
Retail Stores	Mwh	**48,387.16**	41,968.78

As at 31 December 2023, the Group owns 1,964 retail stores (including self-operated retail stores, and distributors retail stores) in Mainland China. The density of consumption is about 91.12 kWh/m^2 (2022: owned 2,006 retail stores. The density of consumption is about 83.44 kWh/m^2). The Group has increased electricity use by 9.2% or 7.68 kWh/m^2 compared to last year.

2. *Water Consumption*

		2023	2022
Headquarter	m^3	**28,239**	19,922
Logistics Centre	m^3	**4,931**	6,236
Hong Kong Office	m^3	**1.23**	0.84

Due to the nature of our business, water is not a main type of resources used in our business. It is mainly used for domestic purposes in our offices and facilities. Staff of the Group are regularly trained and reminded of water conservation in the workplace. As a result, the water usage of the Group for domestic purpose is within a reasonable range. The Group also reminds employees to turn off faucets completely to avoid excess water consumption.

A. ENVIRONMENTAL *(Continued)*

A2: Use of resources *(Continued)*

3. Total amount of consumables

We use shopping bags and gift boxes made with more eco-friendly or recyclable packaging materials. Due to the substantial increase in e-commerce sales supply and changes in sales methods, the number of paper boxes ordered has increased significantly. The consumption of consumables for the year ended 31 December 2023 and 2022 are as follows:

	2023 **Metric tons**	2022 Metric tons
Non-woven bags	**91.19**	62.41
Cardboards	**18.40**	15.84
Paper bags	**454.64**	456.36
Paper boxes	**392.30**	209.60
Carton Boxes	**391.14**	405.18
Paper cups	**13.97**	12.33
Printing paper	**5.44**	5.83

A3: Environment and natural resources

In product planning, besides comfort and style, our designers take into consideration the fabrics we are to use in manufacturing, where environmentally friendly materials are preferred and adopted. We are also committed to ethical practices in animal welfare, ensuring proper care and respect to the specific species for our leather, fur and exotic skins products chain.

With regards to logistics, we streamline our warehousing and delivery processes in order to lower the supplier transportation frequency and thereby reducing carbon emission through the consumption of diesel and petroleum. We also tend to consume fewer packaging materials which are not as environmentally friendly (such as plastics, aluminum boxes, corrugates). In view of this, we launched an environmentally friendly paper packaging certified by the Forest Stewardship Council in 2022.

Additionally, we implement various measures to lower waste and consumption levels in our headquarters and other offices. We encourage reduction in paper, water and energy usage through recycling of paper and stationery, promotion of working with electronic documents instead of paper copies, limited operation of air-conditioning system, waste reduction and separation, as well as other initiatives. In addition, we have increased use of video-conference and updated the internal communication apps to reduce the paper copies, business travels and increase communication efficiency.

A. ENVIRONMENTAL *(Continued)*

A3: Environment and natural resources *(Continued)*

Trash Classification label

Recycle trash General trash Food waste

Trash Boxes Classification

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change

Responding to Climate Change

The Paris Agreement has sent a decisive and global signal, call for limiting world temperature rises to 1.5º C above pre-industrial levels. This was in response to the Special Report on Global Warming of 1.5º C published by the Intergovernmental Panel on Climate Change (IPCC). The report warned that even a slight increase in temperature could have serious consequences for our terrestrial and marine ecosystems. Mainland China has also reaffirmed its commitment to green development to join other countries in submitting updated climate goals to the United Nations under the Paris Agreement and has recently implemented the world's largest carbon trading scheme. In addition, on the virtual stage of the United Nations General Assembly in September 2020, President Xi Jinping made a bold commitment: Mainland China – the world's largest source of greenhouse gas emissions—would strive to become carbon neutral by 2060. As both a Special Administrative Region of China and a member of the international community, Hong Kong has taken a proactive stance in alleviating global climate change.

As a responsible company, we support the government's efforts on climate change and improve the transparency of climate change management in response to the concerns of stakeholders. We take the initiative to look for opportunities, including resource efficiency, energy, products and services, markets and adaptability. With reference to the Climate Change Reporting Framework (Climate Disclosure Standards Committee), we have gradually formulated a series of indicators and targets to identify and manage the risks that we may face due to climate change.

On September 22, 2020, China announced the strategic goals of carbon dioxide peaking in 2030 and carbon neutrality in 2060. The next day, the China National Textile and Apparel Council (CNTAC) held an autumn joint exhibition to comprehensively promote climate innovation actions and respond to the national dual carbon strategic goals as soon as possible. On June 1, 2021, the CNTAC officially launched the "Chinese Fashion Brands Climate Innovation Carbon Neutral Acceleration Plan", referred to as the "30·60 Net Zero Accelerating Plan". EEKA Fashion's brands Koradior and NEXY.CO actively joined the "30·60 Net Zero Accelerating Plan", and in September 2023, on the occasion of the third anniversary of China's dual carbon goals, EEKA Fashion joined the third anniversary of China's dual carbon goals, joining the 30·60 Net Zero Accelerating Plan in the fashion industry collaborative response action and made a joint voice to help sustainable fashion.

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change *(Continued)*

Responding to Climate Change (Continued)

The eight major brands of EEKA Fashion Group joined the Un Alliance for Sustainable Fashion initiated by the century-old authoritative fashion industry media WWD.

On April 22, World Earth Day, Koradior joined the public welfare forest project plan: "Plant trees with love, water with heart"

NAERSI partnered with BlueRibbon Ocean Conservation Association to launch ocean conservation initiatives launching a special edition of tote bags made of recycled plastics., opens up the topic of ocean | women | blue | environmental protection, and talks about the source of life with fashionable and sustainable development.

ELSEWHERE launched an online art exhibition together with "VITA" magazine, and collaborated with three marine artists across borders to explore marine environmental art; it also collaborated with the Shenzhen Blue Ocean Conservation Association and the Shenzhen Bloom Charity Foundation to launch the "Childlike Love for Nature." in Shayu Chung beach cleaning activities to cleanup beach waste, reduce the burden of ocean pollution, and start a sustainable fashion journey.

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change *(Continued)*

Climate-related Risks

The Group identified the potentially material topics, based on their importance to our stakeholders and the potential impact they have on the success of our business. A changing climate has legal, market and reputational impacts on our business. The management of climate-related risks at the Group is integrated into our overall approach to risk management.

Transition risk

With new relevant environmental and greenhouse gas emission regulations, energy efficiency innovations and market changes, transition risks will occur during the global transition to a low-carbon economy. These risks may affect the changes in customer needs and the Group's revenue. Cost will be affected by the availability and price of our raw materials.

Operational Risks

The climate is complex and changeable throughout 2023, our sales volume is sensitive to seasonality effects and weather patterns and our performance is subject to seasonal trends or fluctuations. Since we operate largely on a seasonal cycle, if our outsourced OEM contractors fail to deliver on a timely basis as a result of extreme and unseasonable weather conditions, our sales in any season and our results of operations could be materially and adversely affected. Severe convection weather could also affect consumers' purchasing behaviour, which may lead to fluctuations in our sales revenue. For example, extended periods of unseasonably warm weather during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with such unseasonable weather conditions. These extreme or unseasonable weather conditions could have a material adverse effect on our results of operations.

Climate Action and Policy

The core component of our climate policy is to foster strong policies and economic incentives to promote sustainable development and strengthen the competitiveness of enterprises. We actively adopt policies consistent with climate action, creating a low-carbon future and adopt business-oriented solutions to expand and accelerate the implementation of the Paris Agreement.

With reference to the Climate Change Reporting Framework (Climate Disclosure Standards Committee), we have gradually formulated a series of indicators and targets to identify and manage the risks that the Group may face due to climate change. Climate-related risk management includes risks related to the transition to a low-carbon economy, weather risks such as typhoons and floods, and changes in climate patterns such as sustained high temperatures. We take the initiative to look for opportunities, including resource efficiency, energy, products and services, markets and adaptability.

In strong support of President Xi's 2060 carbon neutrality announcement, the Group is leading the transition to a low-carbon economy, in order to promote the "sustainable fashion, build the future" green economy, implement a sound and effective application of a green and low-carbon circular development economic system in the fashion industry. We support energy and low-carbon transformation in the post-epidemic era, promote paperless office, green fabrics and packaging materials.

B. SOCIAL AND GOVERNANCE

There are no specific requirements or industry practices on gender in terms of our business nature. The Group has no specific requirements on employees' ages that are different to the general practices of our industry. During the reporting period, there was no material change in the Group's staff composition nor unusual employee turnover to which stakeholders' attention needs to be drawn.

B1. Employment

We believe employees are one of the pillars of EEKA Fashion's sustainable development. We strive to create an inspirational and modern work environment where our employees are nurtured and respected. We set up a comprehensive human resources management system, which was prepared in compliance with or with reference to the Hong Kong Employment Ordinance, the PRC Labour Law （《中華人民共和國勞動法》）, the PRC Labour Contract Law（《中華人民共和國勞動合同法》） and other applicable laws and regulations.

EEKA Fashion respects diversity and upholds human rights as the Company seeks to eliminate all forms of discrimination. The human resources management system outlines rules and practices on employment, recruitment and promotion, remunerations and benefits, training and development, codes of ethics, safety and health, compensation and dismissal, working hours and rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. Employment contacts were prepared pursuant to these rules and guidelines.

We do not have a specific policy granting preference to local residents from cities where we open retail outlets, we ensure that there is no gender, religious, racial or other forms of discrimination whatsoever during our hiring processes. Furthermore, for all our employees, we provide fair and adequate opportunities in terms of job promotion and salary increment in recognising and rewarding our employees; whilst we encourage career development within our organisation by offering on-job training. Provision of mandatory provident fund, pension, medical and unemployment insurance, and a range of other welfare benefits is guaranteed in compliance with relevant labour laws.

B. SOCIAL AND GOVERNANCE *(Continued)*

B1. Employment *(Continued)*

In 2023 we held a number of large-scale recruitment events, such as:

Beijing Institute of Fashion Technology Signing Ceremony

Zhongyuan Institute of Engineering lecture site

Xi'an Polytechnic University lecture site

Xi'an Polytechnic University Signing Ceremony

Zhongnan University of Economics and Law Seminar

B. SOCIAL AND GOVERNANCE *(Continued)*

B1. Employment *(Continued)*

We work to foster better employee engagement and retention, to maintain stable workforce for long-term success.

Total number of employees for the year ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December			
Gender	**2023**		2022	
Male	**799**	**7.73%**	848	8.21%
Female	**9,536**	**92.27%**	9,479	91.79%
Total	**10,335**	**100%**	10,327	100%
Age Group	**2023**		2022	
18-27	**853**	**8.25%**	1,015	9.83%
28-37	**5,496**	**53.19%**	5,752	55.70%
38-47	**3,662**	**35.43%**	3,269	31.65%
48-57	**306**	**2.96%**	277	2.68%
58 or above	**18**	**0.17%**	14	0.14%
Total	**10,335**	**100%**	10,327	100%
Employment type	**2023**		2022	
Staff (General and junior)	**7,757**	**75.06%**	7,794	75.47%
Supervisor	**1,813**	**17.54%**	1,782	17.26%
Manager	**738**	**7.14%**	719	6.96%
Director	**24**	**0.23%**	29	0.28%
Executive director	**3**	**0.03%**	3	0.03%
Total	**10,335**	**100%**	10,327	100%
Geographical region	**2023**		2022	
Mainland China	**10,329**	**99.94%**	10,321	99.94%
Hong Kong	**6**	**0.06%**	6	0.06%
Total	**10,335**	**100%**	10,327	100%

B. SOCIAL AND GOVERNANCE *(Continued)*

B1. Employment *(Continued)*

Employee turnover rate	2023	2022
Gender		
Male	**27%**	17%
Female	**27%**	28%
Age group		
18-27	**48%**	40%
28-37	**29%**	28%
38-47	**21%**	21%
48-57	**17%**	14%
≥58	**14%**	29%
Geographical region		
Mainland China	**27%**	27%
Hong Kong	**–**	0.03%

B2. Occupational Health and Safety

EEKA Fashion puts employees first as it stresses the overall safety and health of its employees and their work environments. Workplace health and safety policies have been developed and are customised for both retail and operational employees. We regularly conduct assessments of our policies and update our standards to ensure that they are in compliance with the relevant laws and regulations in relation to working environment and protection from occupational hazards at all times.

We also track incidents in workplaces in order to identify potential problems which may jeopardise our employees' health and safety. We aspire to eliminate all hazards and accidents in workplaces as we enforce improving measures in case of incidents.

In addition, one of our initiatives to provide a comfortable and healthy work environment is that our Administration Department sends all drinking water to authorities, such as Futian Center for Disease Control and Prevention of Shenzhen, for water quality inspection regularly and we owned a TVOC formaldehyde detector with national certification and had an air quality test of office areas, the result of formaldehyde/TVOC meet national security standards (Formaldehyde content ≤0.1mg/m^3, TVOC content ≤0.5mg/m^3).

Besides, the Company offers free body check to employees in order to understand their health status, if the result was shown that they are no longer suitable to perform the works, the Company will rearrange their working position to something suitable for their health status.

B. SOCIAL AND GOVERNANCE *(Continued)*

B2. Occupational Health and Safety *(Continued)*

EEKA Fashion believes emotional well-being and marital health are as important to an employee as physical health. We encourage employees to express and share their opinions on work conditions and operation practices as we value their happiness. Also, we organise cultural, social, sports activities to create a better work-life balance for our employees.

We organised different activities for celebrating festivals, such as:

"EEKA Teacher Day"

"Happy Birthday month"

"EEKA Travel Season"

We organised for our employees "EEKA Wonderland" a open day is welcomed 1,000 people, including colleagues and their children to see for themselves their favourite place to work to have a fun and joy experience.

Happy Color Sports day –Dopamine Emancipate

2023 Annual Award Ceremony

B. SOCIAL AND GOVERNANCE *(Continued)*

B2. Occupational Health and Safety *(Continued)*

Work-related fatalities or lost days due to work injury

	2023	2022
Fatality (case)	0	0
Work-related injuries (cases)	5	2
Lost days due to work injury (days)	50	7.58

B3. Employee Development and Training

EEKA Fashion places strong emphasis on personnel development. EEKA Fashion's human resources management system takes into account employees' long-term growth within the Group. We coordinate sufficient internal or external trainings for employees to boost their potential, such as:

Excel basic office skills

STM business management training program

Efficient Cooperation

Young Goose Project – Management Trainee Training

Special training for product planning & design management trainees

EF Excellent Talent Class "S"

B. SOCIAL AND GOVERNANCE *(Continued)*

B3. Employee Development and Training *(Continued)*

With its growing brand awareness in the global market, EEKA Fashion's diverse business environment also allows its employees to utilise their unique talents to optimize results. Therefore, EEKA Fashion adopt an "open-door" policy and we encourage communication between employees and their supervisors or the management of the Company. Based on their requests and job performances, we provide flexible career options to them to foster a better personnel development.

The training hours per employee for the year ended 31 December 2023 and 2022 are as follows:

	2023 Hours	2022 hours
Average hours of training received per employee	**24.39**	21.32
Average hours of training per employee by ranking		
Senior management	**28.18**	19.71
Middle management	**25.78**	18.57
General staff	**23.69**	22.11
New employee	**26.54**	23.47

The staff of the Group are provided with induction and on-the-job training and development opportunities, including training programs which cover areas such as managerial skills, sales and production, quality control, sales fairs planning and training of other areas relevant to the industry, irrespective of their genders or employee categories. The average hours of training received per employee are the same for both male and female employees.

B4. Labour Standards

EEKA Fashion is in compliance with Hong Kong Employment Ordinance, Regulations on Labour Security Supervision and other applicable laws as the Group sets a high standard in protecting employees. Relevant guidelines are set out in employment contracts, internal notices and other forms of documents.

EEKA Fashion strictly prohibits any child labour or forced labour, or any unfair treatment to our employees. We protect employees against any kind of sexual harassment or abuse of power in the workplace. We educate employees of their rights and responsibilities. We closely monitor our workplace conditions and employees' behavior. In any case of breach of conduct, we will launch detailed investigations over the matters and improve our preventive measures.

The Human Resource Department follows the recruitment policy to employ each employee only after checking the identity documents to make sure there is no child labour, and obtaining a confirmation of employment contract for no forced labour and after review by the Internal Audit Department. During the year under review, the Group did not have any significant non-compliance cases in with regards to relevant laws and regulations on employment practices, health and safety, child and forced labour or other labour standards.

B. SOCIAL AND GOVERNANCE *(Continued)*

B5. Supply Chain Management

EEKA Fashion endeavours to maintain long-term and close relationships with its suppliers and working partners. Since we rely on OEM contractors to manufacture our products, we have developed a stringent procurement mechanism. We are committed to procuring products and services in a manner which is conducive to good global citizenship; therefore, we only partner with suppliers who embrace high ethical business standards in terms of environmental protection, anti-corruption, employment practices and protection of intellectual property rights. We also take the potential environmental impact and social risks of suppliers as necessary evaluation criteria, such as monitoring whether suppliers have any record of violations of laws and regulations due to pollution of the ecological environment in the course of business operations, and whether the products provided by them meet the national environmental protection standards (if any).

Supply chain

EEKA Fashion strives to ensure that working conditions in the supply chain are safe and operations are performed in a responsible and ethical manner, respecting human rights and the environment. Our suppliers are expected to comply with the following requirements as follow:

– Prevention of forced labor and respect for human rights and decent working conditions in supply chains.

– Compliance with all applicable safety and environmental regulatory requirements.

– Commitment to respecting the human rights of workers and treating them with dignity. This applies to all direct and indirect suppliers, and all workers, including temporary workers, migrant workers, students, contract workers, direct employees and any other type of labour.

– No bribery, kickbacks or extortion of any kind will be tolerated in accordance with the anti-corruption policy.

– All suppliers engaged in the manufacture and/or assembly of EEKA Fashion branded finished goods shall obtain and require products to meet quality standards.

– EEKA Fashion is committed to upholding the human rights of workers at all levels of the supply chain and treating them with dignity and respect. Workers include direct employees, temporary workers, migrant workers, student workers, contract workers, and anyone else who provides labor and employment services to suppliers.

We choose our suppliers based on their business record, product quality and cost. Before selecting suppliers, we conduct due diligence on the potential suppliers. We have close communication with and monitor our suppliers to ensure that they are in compliance with applicable laws whilst honouring the terms set out in the procurement agreement. We will immediately terminate our procurement if a supplier fails to perform its responsibilities and might blacklist the supplier. And also we established a strategic supply mechanism with core fabric suppliers, and strengthened the planning of fabric procurement and the concentration of suppliers. 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.

The Group had a total of 520 suppliers for the year ended 31 December 2023, 99.43% were from Mainland China and 0.19% from Italy, 0.19% from Portugal, 0.19% from Japan and have been reviewed against the above requirements and practices during the reporting period.

B. SOCIAL AND GOVERNANCE *(Continued)*

B6. Product Responsibility

We value our customers very highly and handle issues related to our business from the perspective of our customers. We promise our customers that EEKA Fashion will always offer high-quality products, respect customers' opinions, and create comfortable shopping experience and ensure that we comply with all health and safety, advertising, labelling and privacy matters relating to our products and services provided and methods of redress. Also, we strictly abide by the relevant laws and regulations in respect of the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong), and the Trademark Law of the PRC, and keep the personal information of stakeholders collected confidential and ensure that only necessary personnels have access to sensitive information. While we strive to protect our own intellectual property rights, we also respect the intellectual property rights owned by third parties. Prior to using any intellectual property rights for business purpose, we will ensure that the intellectual property rights belong to the Group or that proper authorisation from third parties are obtained (if required).

Product quality inspection

The Group implements a whole-process management approach to product quality and supervises all sections of the production process to ensure that the quality meets relevant standards and specifications. In addition, we regularly communicate the feedback on product quality from the distributors and consumers to the quality control personnel to enable them to rectify the omissions and further improve the quality control procedure.

Supplier procurement	• FOB/ODM suppliers are required to procure raw materials from designated raw materials suppliers based on our design and specifications, and OEM raw materials are procured by themselves. • Before placing orders to suppliers, we will specify in contracts the quality control standards of fabrics, which are consistent with or exceed national standards
Fabric development	• The bursting strength, pilling, slippage, the colour fastness, shrinkage and other physical properties of a fabric will be strictly tested
Before mass production	• Test whether the fabric pills or deforms after multiple washings, and use craft samples to simulate consumers' wearing and washing habits
After mass production	• Conduct quality inspection on various internal physical indicators of bow samples • Confirm the appearance, color, feel and cloth style of the bow samples
Third-party testing of fabric	• As per national and industrial standards, we will engage third-party testing agency to test the content, colour fastness, harmful substance (incl. formaldehyde, azo dyestuffs, PH value and odour) to ensure internal standards are met
Garments stored in the warehouse	• Arrange merchandisers to provide technical and quality risk guidance in the early, middle and late stages of the production line • The Quality Control Department (QC) conducts inspection of all goods after the bulk shipment is completed • On-site inspection of all raw materials, semi-finished products and components used in the production process
Third-party garments inspection	• Entrust a professional third-party testing agency to test the finished product to ensure that the product meets national and industry standards • Before OEM suppliers ship products, they undergo strict internal inspections and external inspections to ensure that the products meet quality standards

B. SOCIAL AND GOVERNANCE *(Continued)*

B6. Product Responsibility *(Continued)*

Membership-based customer loyalty program

EEKA Fashion runs successful marketing campaigns to reinforce the distinctive image for its brand or sub-brands, which include fashion shows in Shenzhen, Beijing and Shanghai, signing up superstar Lily Collins, artist Yolanda Yuan, and Gina, Jin Chen as its brand ambassador, placing advertising billboards at airports, sponsoring cover shots of renowned fashion magazine as well as partnering with famous artists and celebrities.

While such marketing initiatives contribute to rising brand recognition and stronger customer loyalty, EEKA Fashion remains true to its convictions and the quality it presents in its brand building efforts. We show genuine interest in delivering the superior products and customer service.

In order to increase customer loyalty, we launched membership program for our customers based on their spending per year to classify the grade of membership. As at 31 December 2023, there are over 3 million members registered including 1.52 million VIP members. We launched a program "Golden decade" at September 2023, 10th anniversary of distinguished customer of the year. We traveled all over China, thanking every precious customer and retail worker, and pursuing to enable every customer to enjoy a high-quality and exquisite life.

We have a data protection and privacy policy to protect customer data, including setting up password permissions, assigning the related staff to manage and stating the use of data collection is limited to company internal business use.

B. SOCIAL AND GOVERNANCE *(Continued)*

B6. Product Responsibility *(Continued)*

Considerate sale services

EEKA Fashion engages with customers in a range of ways including after-sales service. We invite our customers to share their opinions on our products. Complaints are especially valuable and details of complaints are promptly shared with relevant departments. During the year under review, we received 8 (2022: 10) complaints with regards to the quality of goods or services of the Group. We set our standard internal guidelines and procedures to resolve all disputes promptly and fairly. We have also received appreciative compliments from customers as well as constructive feedback regarding our services. Such forms of feedback help us better understand the needs of our customers and improve our product offering. For damaged products, we offer free clothing repairing and mending services, as well as returns and exchanges. None of the products sold or shipped were subject to recalls for safety and health reasons for the year ended 31 December 2023.

Certification of sustainable raw materials received by EEKA Fashion

Naia™ Renew

OEKO-TEX® Standard 100

bluesign®

MITSUBISHI Chemical Group

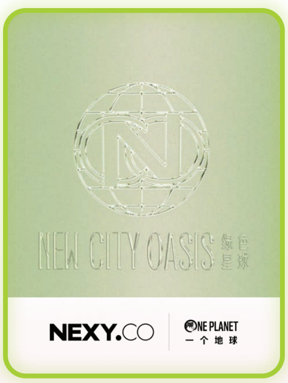
SCS Global Services

TUV Austria

Bureau veritas certification

To ensure the traceability and standardisation of organic textiles and reduce environmental impact, we continuously purchase certified and traceable raw materials.

Green Fabrics



One of the fabrics used in our products is triacetate, which is a natural, antibacterial and pollution-free and has obtained Forest Stewardship Council Chain of Custody Certification (FSC COC) and OEKO-TEX STANDARD 100 ecological textile certifications. Our brand NEXY.CO, jointly with WWF (World Wide Fund for Nature) and OPF (One Planet Foundation), launched the "Green Planet" series of public welfare and environmental protection products.

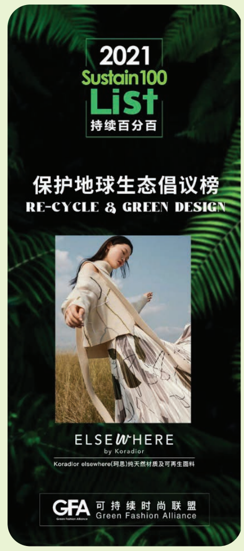
B. SOCIAL AND GOVERNANCE *(Continued)*

B6. Product Responsibility *(Continued)*

Green Fabrics (Continued)

The new color-spun wool suit launched by the NAERSI brand is made of fine color-spun yarn and Italian yeast. It is dye-free and pollution-free and is environmentally friendly, energy-saving and water-saving.

The new water lily green suit launched by the NAERSILING brand is made of environmentally friendly and sustainable single-sided tangled satin luxury triacetate fabric. The entire process is traceable and sustainable, providing the wearer with comfort while also highlighting the Sense of quality.



The ecological and environmentally friendly products launched by ELSEWHERE were listed on the "2021 Green Fashion Alliance (GFA) Sustain 100 – Re-cycle & Green Design Initiative List".

As a renowned brand, EEKA Fashion is dedicated to providing finest fashion with high quality in design and fabrics to customers. To ensure the quality of our product, we exercise quality checks internally upon receiving raw materials, both at the design and sample development stages and during mass production, as well as all products are sent to inspections by relevant government authorities. EEKA Fashion adhere to the concept of sustainable fashion development. Beside, the Group continues to observe every detail of its sales practices and look for improvement to make sure that customers enjoy a comfortable shopping experience.

B. SOCIAL AND GOVERNANCE *(Continued)*

B6. Product Responsibility *(Continued)*

Product return policy

We also have a comprehensive product returns policy. Upon receiving complaint from customer in respect of defective products, we will assess and accept any product returns for confirmed defective products, if the defect is proved to be our fault after internal investigations, we will bear the costs of such product returns. Depending on the circumstances, we may repair, replace the defective products or refund to our customers. In case the defect is determined to be the liability of suppliers or OEM contractors, we would seek reasonable compensation from them, re-evaluate the relevant supplier or OEM contractor and reconsider the possibility of cooperation with them in the future.

Distributor management

The Group carry out the same comprehensive and strict management of distribution stores, such as adopting a unified store design and appearance, and conducting regular and random on-site inspections to maintain the integrity and attractiveness of our brand.

In order to better serve our customers. we organized series of trainings for distributors across the country to enhance their understanding and expertise of the company's brand.

Distribution Sun and Moon Stores Training

EEKA Fashion Group x Reputation Building Group – Customer Satisfaction UP+ Training

B. SOCIAL AND GOVERNANCE *(Continued)*

B7. Anti-corruption

EEKA Fashion's Board of Directors and senior management oversee the Group's corporate governance. The Group has built its reputation in the business with, amongst other qualities, its anti-corruption approaches. The Group adheres to the philosophy of integrity and eradicates corruption acts resolutely. We have a strict anti-corruption policy with our business units which are analysed for risk related to such issue, with a view to creating a corruption-free culture. The policy lays the groundwork for our expectations regarding the ethical and legal responsibilities of our staff and partners.

All executives, procurement staff and store managers are trained and boasts sufficient knowledge about our anti-corruption practices procedures. EEKA Fashion is committed to working with suppliers who operates in an honest and transparent way. In accordance with the relevant anti-corruption laws and regulations in Mainland China and Hong Kong, EEKA Fashion does not accept any forms of bribes and improper payments in attempt to gain an improper advantage, including securing procurement contracts, reservation of products, and so on.

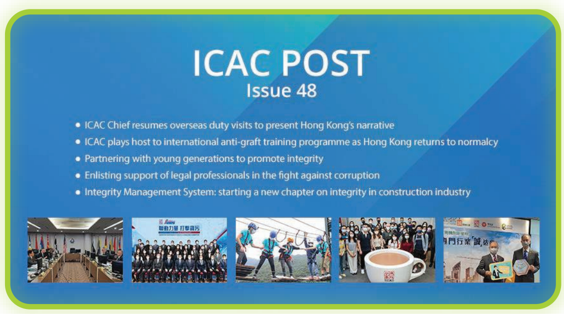
EEKA Fashion regularly carries out inspections or compliance audits to its corporate governance policy and make necessary amendments and updates to ensure our compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering. For details of the Group's corporate governance structure and practices, please refer to pages 57 to 69 of this annual report.

Whistle-Blowing Policy

The Group sets up a mechanism to handle the suggestions and complaints from staff to encourage employees to raise concerns about suspected misconduct, malpractice or irregularities in confidence. Whistleblowers can report to the Audit and Supervision Department by telephone, email, WeChat, letter, in person, or directly to the supervisor or above positions in the Audit and Supervision Department. All reported cases are promptly and thoroughly investigated by the designated personnel while the confidentiality is respected in order to protect individuals. If there is sufficient evidence to suggest that a case of possible corruption exists, the case will be reported to the relevant local authorities.

During the Reporting Period, there was no concluded legal cases regarding corrupt practices brought against the Group or its employees.

In addition, the Group has adopted the education measures to promote anti-corruption campaigns and cultivate a culture of anti-corruption within the Group including promoting the code of conduct of integrity and anti-commercial bribery to directors; and providing training of anti-corruption and anti-bribery procedures to employee.



B. SOCIAL AND GOVERNANCE *(Continued)*

B8. Community Investment

As a responsible corporate citizen, EEKA Fashion makes an effort to give back to the community. We address social issues and communicate with local community to understand their needs. During the reporting period, we made contributions to the community by ways of donation, voluntary works, as well as cultural and academic programs.

For the programs in collaboration with the Shenzhen EEKA Fashion Charity Foundation, the fifth season of the charity project "Books with Temperature", we continued to help children to create a better future and organised a sustainable painting competition for the children of the "Warm Children Home" at Mao Ban Primary School in Jiangshan. The winning paintings will be used as peripheral products for the 27th China Fashion Design New Talent Award.

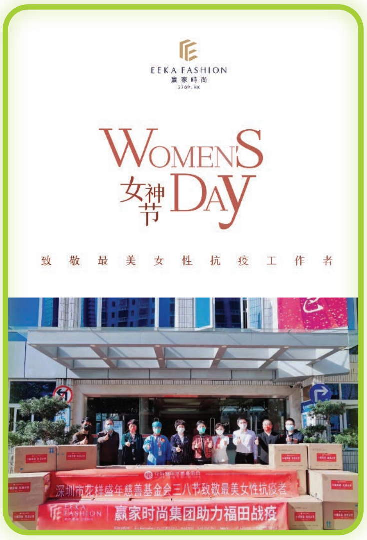
王晶 《冰川融化后》

EEKA Fashion as a leading middle and high-end women's clothing industry enterprise, the Group donated disaster relief supplies to support the anti-epidemic staff and volunteers in Futian District.

The Group was awarded "Special Contribution Award" of the contribution on pandemic prevention award by Shenzhen Retail Trade Association, Shenzhen Chain Operation Association and Shenzhen Smart Retail Association jointly.

B. SOCIAL AND GOVERNANCE *(Continued)*

B8. Community Investment *(Continued)*



EEKA Fashion pays tribute to the most beautiful women fighting the epidemic on Women's Day

EEKA Fashion donated a large amount of love materials to Futian District

EEKA Fashion donated warm clothes that worth RMB20 million to Gansu and Qinghai

EEKA Fashion proactively joined hands with Shenzhen Charity Federation to donate more than RMB20 million of down coats, cotton padded coats and other warm clothes to the areas affected by the earthquake in Gansu and Qinghai through the Qing Hai Charity Federation to help people in the disaster areas resist the cold spell and actively carry out post-disaster reconstruction of that area.

Through these initiatives, we enhance employees' awareness of caring for the community and it is essential for them to champion a good cause. We encourage them to take the lead to aid the society through participating in corporate social responsibility activities, which enables our employees to appreciate how they and the Company can benefit from helping the community and contribute to the long-term growth of both the individuals and the Company.

EEKA Fashion has garnered the 2023 ESG Pioneer Enterprise Award at the 13th China Philanthropy Festival, affirming the company's commitment to promoting sustainability, fostering the development of society and its staff, and its contribution to enhancing social wellbeing.

HKEX ESG GUIDE CONTENT INDEX

Aspect A1: Emissions

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a.) the policies; and (b.) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental	–
KPI A1.1	The types of emissions and respective emissions data.	Environmental	–
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	Environmental	–
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	–	The Group has not identified any production of hazardous waste in our operations.
KPI A1.4	Total non-hazardous waste produced and intensity.	Environmental	–
KPI A1.5	Description of measures to mitigate emissions and emission targets(s) set and steps taken to achieve them.	Environmental	–
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	Environmental	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect A2: Use of Resources

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental	The Group did not generate significant amount of air emissions nor discharge into land, and the Group has not identified any hazardous waste produced in our core business.
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental	–
KPI A2.2	Water consumption in total and intensity.	Environmental	–
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental	–
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental	The Group believes that our water consumption is mainly for domestic use and no issues have been identified at this moment.
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	Environmental	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect A3: The Environment and Natural Resources

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental	–
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Environmental	–

Aspect A4: The Climate Change

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental	–
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental	–

Aspect B1: Employment and Labour Practices

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social and governance	–
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Social and governance	–
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social and governance	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect B2: Health and Safety

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social and governance	–
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social and governance	No work-related fatalities were recorded during the reporting period.
KPI B2.2	Lost days due to work injury.	Social and governance	No lost days due to work injury were recorded during the reporting period.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social and governance	–

Aspect B3: Development and Training

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities.	Social and governance	–
KPI B3.1	The percentage of employees trained by gender and employee category.	Social and governance	–
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social and governance	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect B4: Labour Standards

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social and governance	–
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social and governance	–
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social and governance	–

Aspect B5: Supply Chain Management

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social and governance	–
KPI B5.1	Number of suppliers by geographical region.	Social and governance	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Social and governance	–
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social and governance	–
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social and governance	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect B6: Product Responsibility

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social and governance	–
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social and governance	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social and governance	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social and governance	–
KPI B6.4	Description of quality assurance process and recall procedures.	Social and governance	–
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Social and governance	–

HKEX ESG GUIDE CONTENT INDEX *(Continued)*

Aspect B7: Anti-corruption

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social and governance	–
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social and governance	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Social and governance	–
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social and governance	–

Aspect B8: Community Investment

General Disclosures and KPIs	Description	Relevant Section in the ESG Report	Remarks
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	Social and governance	–
KPI B8.1	Focus areas of contribution.	Social and governance	–
KPI B8.2	Resources contributed to the focus areas.	Social and governance	–

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of EEKA Fashion Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of EEKA Fashion Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 220, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and other intangible assets with indefinite lives	
As at 31 December 2023, the Group recorded goodwill and other intangible assets with indefinite lives of RMB1,253,540,000 and RMB590,500,000, which represented 18% and 8% of the total assets of the Group, respectively. The Group performed impairment reviews of the goodwill and other intangible assets at the year ended 31 December 2023, based on a five-year cash flows forecast with key assumptions such as the growth and discount rate. Management made assumptions of the long-term growth rate and discount rate, and estimated future operating cash flows based on their forecast and the future development of the business, which involved significant judgement and estimations. Related changes in the estimations might have a significant impact on the consolidated financial statements. Details of the impairment test of goodwill and other intangible assets with indefinite lives are disclosed in notes 3 and 17 to the consolidated financial statements.	Our audit procedures to assess the impairment of goodwill and intangible assets with indefinite lives included the following: • evaluating the key assumptions used in cash flow forecasts, such as the sales growth and gross margin, through comparison with historical performance and the business development plan; • involving our internal valuation specialist in the assessment of the methodologies, discount rate and long-term growth rate used by management, as appropriate, to estimate the recoverable amounts of goodwill and other intangible assets with indefinite lives; • reviewing management's sensitivity analysis of impairment test, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount; and • assessing the adequacy of the related disclosures in the consolidated financial statements.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories	
Sales of apparel and accessories in the fashion industry can be volatile with consumer demand changes according to current fashion trends. The Group typically sells or disposes of off-season inventories at a markdown from the original price to maintain the strength of the brands and make room for new season inventories in its retail stores. Accordingly, the actual future selling prices of some inventories may fall below their purchase costs. Management considers several factors to determine an appropriate level of inventory provisions, which include inventory ageing, the historical percentage of inventories sold at usual price levels and channels available for selling off-season inventories. We identified the valuation of inventories as a key audit matter because of the significant judgement exercised by management in determining an appropriate level of inventory provisions which involves estimating the amounts of inventories which will be unsold at the end of each season and the markdowns necessary to sell the off-season inventories through outlets and other channels in future years. Both of these factors can be inherently uncertain and could be subject to management bias. Details of the inventory provisions are disclosed in notes 3 and 19 to the consolidated financial statements.	Our audit procedures to assess the valuation of inventories included the following: • assessing whether the inventory provisions were calculated in a manner consistent with the Group's inventory provision policy by recalculating the inventory provisions based on the mechanisms and parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards; • assessing, on a sampling basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items with the underlying purchase documents; • testing, on a sampling basis, the net realisable value of finished goods based on the price and markdowns subsequent to the reporting date, assessing whether inventories were stated at the lower of cost and net realisable value; and • enquiring of the senior members of the sales team about any expected changes in plans for markdowns or disposals of off-season inventories and comparing their representations with actual sales transactions subsequent to the reporting date.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's responsibilities for the audit of the consolidated financial statements *(Continued)*

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tjen, Michael.

Ernst & Young
Certified Public Accountants

Hong Kong

25 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**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	5	**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	6	**(4,772)**	(1,089)
Other expenses		**(7,105)**	(20,793)
Finance costs	7	**(48,739)**	(56,317)
Share of losses of associates		**–**	(2,733)
PROFIT BEFORE TAX	6	**994,601**	464,368
Income tax expense	10	**(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	12		
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

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

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**661,486**	684,454
Right-of-use assets	14	**766,589**	817,197
Goodwill	15	**1,253,540**	1,253,540
Other intangible assets	16	**615,894**	618,922
Investments in associates	18	**1,800**	1,200
Prepayments, other receivables and other assets	21	**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	22	**80,655**	59,674
Time deposits	23	**–**	53,330
Deferred tax assets	27	**68,679**	63,771
Total non-current assets		**3,480,144**	3,623,133
CURRENT ASSETS			
Inventories	19	**1,152,505**	1,023,962
Trade and bills receivables	20	**717,449**	472,233
Prepayments, other receivables and other assets	21	**208,688**	167,351
Financial assets at fair value through profit or loss	22	**909,633**	427,376
Time deposits	23	**120,625**	182,165
Cash and cash equivalents	23	**440,756**	361,463
Total current assets		**3,549,656**	2,634,550
CURRENT LIABILITIES			
Trade and bills payables	24	**411,505**	464,238
Other payables and accruals	25	**443,947**	328,586
Interest-bearing bank borrowings	26	**513,779**	390,149
Lease liabilities	14	**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

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	–	40,199
Lease liabilities	14	282,197	379,956
Deferred government grants		12,671	31,676
Deferred tax liabilities	27	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	28	5,766	5,766
Reserves	30	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

Jin Ming
Director

He Hongmei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent												
	Share capital RMB'000 (note 28)	Share premium RMB'000 (note 30)	Capital redemption reserve RMB'000 (note 30)	Capital reserve RMB'000 (note 30)	Awarded share reserve RMB'000 (note 29)	Statutory reserve RMB'000 (note 30)	Shares held for the Share Award Scheme RMB'000 (note 29)	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	5,766	2,031,261	196	103,466	93,962	129,211	(245,196)	63	47,657	1,773,091	3,939,477	(5,999)	3,933,478
Profit for the year	–	–	–	–	–	–	–	–	–	382,427	382,427	(7,002)	375,425
Other comprehensive income for the year:													
Change in fair value of equity investments through other comprehensive income, net of tax	–	–	–	–	–	–	–	(3,615)	–	–	(3,615)	–	(3,615)
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	–	2,728	–	2,728	–	2,728
Total comprehensive income for the year	–	–	–	–	–	–	–	(3,615)	2,728	382,427	381,540	(7,002)	374,538
Appropriation to statutory reserve	–	–	–	–	–	3,011	–	–	–	(3,011)	–	–	–
Repurchase of shares under the Share Award Scheme	–	–	–	–	–	–	(110,665)	–	–	–	(110,665)	–	(110,665)
The Share Award Scheme arrangements	–	–	–	–	110,525	–	–	–	–	–	110,525	–	110,525
Tax deductions for share-based payment transactions	–	–	–	–	(1,887)	–	–	–	–	–	(1,887)	–	(1,887)
Vesting of shares under the Share Award Scheme	–	7,743	–	–	(128,178)	–	91,445	–	–	–	(28,990)	–	(28,990)
Acquisition of additional interests in subsidiaries	–	–	–	(13,052)	–	–	–	–	–	–	(13,052)	3,052	(10,000)
Final 2021 dividend declared	–	–	–	–	–	–	–	–	–	(279,499)	(279,499)	–	(279,499)
At 31 December 2022	5,766	2,039,004	196	90,414	74,422	132,222	(264,416)	(3,552)	50,385	1,873,008	3,997,449	(9,949)	3,987,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent												
	Share capital RMB'000 (note 28)	Share premium RMB'000 (note 30)	Capital redemption reserve RMB'000 (note 30)	Capital reserve RMB'000 (note 30)	Awarded share reserve RMB'000 (note 29)	Statutory reserve RMB'000 (note 30)	Shares held for the Share Award Scheme RMB'000 (note 29)	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	5,766	2,039,004	196	90,414	74,422	132,222	(264,416)	(3,552)	50,385	1,873,008	3,997,449	(9,949)	3,987,500
Profit for the year	–	–	–	–	–	–	–	–	–	838,170	838,170	(5,538)	832,632
Other comprehensive income for the year:													
Change in fair value of equity investments through other comprehensive income, net of tax	–	–	–	–	–	–	–	8,406	–	–	8,406	–	8,406
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	–	(35,498)	–	(35,498)	–	(35,498)
Total comprehensive income for the year	–	–	–	–	–	–	–	8,406	(35,498)	838,170	811,078	(5,538)	805,540
Appropriation to statutory reserve	–	–	–	–	–	40,640	–	–	–	(40,640)	–	–	–
The Share Award Scheme arrangements	–	–	–	–	30,711	–	–	–	–	–	30,711	–	30,711
Tax deductions for share-based payment transactions	–	–	–	–	2,585	–	–	–	–	–	2,585	–	2,585
Vesting of shares under the Share Award Scheme	–	(18,691)	–	–	(49,615)	–	52,502	–	–	–	(15,804)	–	(15,804)
Transfer to retained earnings	–	–	–	–	–	–	–	(4,854)	–	4,854	–	–	–
Final 2022 dividend declared	–	–	–	–	–	–	–	–	–	(249,112)	(249,112)	–	(249,112)
At 31 December 2023	5,766	2,020,313*	196*	90,414*	58,103*	172,862*	(211,914)*	–	14,887*	2,426,280*	4,576,907	(15,487)	4,561,420

* These reserve accounts comprise the consolidated reserves of RMB4,571,141,000 (2022: RMB3,991,683,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**994,601**	464,368
Adjustments for:			
Finance costs	7	**48,739**	56,317
Share of losses of associates	6	**–**	2,733
Bank interest income	5	**(5,988)**	(4,138)
Other interest income from financial assets at fair value through profit or loss	5	**(22,935)**	(18,403)
Fair value (gain)/losses from financial assets at fair value through profit or loss, net	6	**(47,964)**	19,322
Depreciation of property, plant and equipment	6	**132,982**	154,433
Depreciation of right-of-use asset	14	**836,134**	785,750
Amortisation of intangible assets	6	**8,477**	7,870
Write-down of inventories to net realisable value	6	**22,256**	40,111
Impairment of trade receivables	6	**4,772**	1,089
Exchange gain, net	6	**(42,906)**	(6,482)
Equity-settled share-based share award expense	6	**30,711**	110,525
		1,958,879	1,613,495
Increase in inventories		**(150,799)**	(112,508)
(Increase)/decrease in trade and bills receivables		**(249,988)**	125,770
Decrease in prepayments and other receivables		**6,711**	32,104
(Decrease)/increase in trade and bills payables		**(52,733)**	259,877
Increase/(decrease) in other payables and accruals		**145,728**	(94,177)
Cash generated from operations		**1,657,798**	1,824,561
Income tax paid		**(88,591)**	(122,772)
Net cash flows from operating activities		**1,569,207**	1,701,789

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	5	2,740	976
Purchases of items of property, plant and equipment	13	(110,948)	(170,323)
Proceeds from disposal of items of property, plant and equipment		52	23
Additions to other intangible assets		(5,449)	(8,556)
Acquisition of subsidiaries in the prior year		–	(76,350)
Decrease/(increase) in time deposits		61,540	(232,333)
Investment in an associate		(600)	(300)
Increase in financial assets at fair value		(419,563)	(106,205)
Interest received from investment in time deposits		3,248	3,162
Interest received from investments in financial assets at fair value through profit or loss		22,935	18,403
Net cash flows used in investing activities		(446,045)	(571,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares for the Share Award Scheme		–	(110,665)
New bank loans		573,000	260,000
Repayment of bank loans		(490,729)	(334,913)
Principal portion of lease payments	14	(824,813)	(773,052)
Dividend paid		(249,105)	(282,297)
Interest paid		(14,640)	(18,880)
Acquisition of non-controlling interests		–	(10,000)
Net cash used in financing activities		(1,006,287)	(1,269,807)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		116,875	(139,521)
Cash and cash equivalents at beginning of year		361,463	509,326
Effect of foreign exchange rate changes, net		(37,582)	(8,342)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	440,756	361,463

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.

The principal activity of the Company is investment holding. The Group is principally engaged in the design, promotion, marketing and sale of self-owned branded ladies-wear in the People's Republic of China (the "PRC").

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Particulars of issued and paid-up capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by the subsidiaries	Principal activities
Fiona Kim Investments Limited ("Fiona Kim")	BVI	50,000 shares of US$1 each	100%	100%	–	Investment holding
La Kora International Limited ("La Kora International")	Hong Kong	HK$10,000	100%	–	100%	Brand promotion
Century Gold International Limited (創金國際有限公司)	Hong Kong	HK$1	100%	–	100%	Investment holding
Main Grand International Limited (萬安國際有限公司)	Hong Kong	HK$1	100%	–	100%	Investment holding
La Kordi Fashion (Shenzhen) Co., Ltd.*# (1) ("La Kordi Fashion") (拉珂帝服飾(深圳)有限公司)	PRC/Chinese Mainland	HK$400,000,000	100%	–	100%	Trading of ladies-wear
Shenzhen Koradior*# (深圳市珂萊蒂爾服飾有限公司)	PRC/Chinese Mainland	RMB15,000,000	100%	–	100%	Trading of ladies-wear
Dongfang Susu*# (1) (東方素素創意設計(深圳)有限公司)	PRC/Chinese Mainland	HK$5,000,000	100%	–	100%	Fashion creation and design
Jianmo Idea*# (1) (簡墨創意設計諮詢(深圳)有限公司)	PRC/Chinese Mainland	HK$1,000,000	100%	–	100%	Fashion creation and design
Shenzhen Mondial*# (2) (深圳市蒙黛爾實業有限公司)	PRC/Chinese Mainland	RMB30,000,000	100%	–	100%	Trading of ladies-wear
Shanghai Kody Brand Management Limited*# (上海珂蒂品牌管理有限公司)	PRC/Chinese Mainland	RMB50,000,000	100%	–	100%	Brand promotion and trading of ladies-wear
Shenzhen De Kora Technology Development Limited*# (1) (深圳市迪珂萊科技開發有限公司)	PRC/Chinese Mainland	HK$5,000,000	100%	–	100%	Trading of garments and software design
Shenzhen Jin Yuexin Investment and Development Company Limited*# ("Shenzhen Jin Yuexin") (深圳市金悦鑫投資發展有限公司)	PRC/Chinese Mainland	RMB2,000,000	100%	–	100%	Investment holding
Shenzhen Naersi Fashion Co., Ltd.*# ("Naersi") (深圳市娜爾思時裝有限公司)	PRC/Chinese Mainland	RMB30,000,000	100%	–	100%	Trading of ladies-wear

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Particulars of issued and paid-up capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by the subsidiaries	Principal activities
Aoruina Garments (Shenzhen) Co., Ltd.*# (1) ("Aoruina") (奧瑞納服裝(深圳)有限公司)	PRC/Chinese Mainland	RMB16,372,680	100%	–	100%	Trading of ladies-wear
Extra Wisdom Ltd ("Extra Wisdom")	Hong Kong	HK$1,000	100%	–	100%	Investment holding
Keeh Reach Holdings Ltd ("Keeh Reach")	Hong Kong	HK$7,780	100%	100%	–	Investment holding
Shenzhen Haowei Flat Screen Display Materials Co., Ltd*# ("Haowei") (深圳市豪威平板顯示材料有限公司)	PRC/Chinese Mainland	RMB30,000,000	100%	–	100%	Property leasing
Shenzhen Fangfu Fashion Co., Ltd.*# (3) ("Fangfu") (深圳市方弗時裝有限公司)	PRC/Chinese Mainland	RMB96,850,000.00	73%	–	73%	Trading of ladies-wear
EEKA Fashion (Jiangshan) E-Commerce Co., Ltd.*# ("Jiangshan E-Commerce") (贏家時尚(江山)電子商務有限公司)	PRC/Chinese Mainland	RMB5,000,000	100%	–	100%	E-Commerce
Shenzhen Qianhai Hengying Digital Technology Co., Ltd.*# ("Qianhai Hengying") (深圳市前海恒盈數智科技有限公司)	PRC/Chinese Mainland	RMB100,000,000	100%	–	100%	Trading of garments and software design
Hainan Mosheng International Fashion Co., Ltd.*# ("Hainan Mosheng") (海南省默生國際時尚有限公司)	PRC/Chinese Mainland	RMB5,000,000	100%	–	100%	Trading of ladies-wear

* These entities are registered as limited liability companies under PRC law.

The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

Notes:

(1) These entities were established as wholly foreign-owned enterprises in the PRC.

(2) This entity was established as a Sino-foreign equity joint venture enterprise in the PRC.

(3) This entity was established as an equity joint venture enterprise in the PRC.

2. ACCOUNTING POLICIES

2.1 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.

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

Basis of consolidation (Continued)

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.

2.2 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.

IFRS 17	*Insurance Contracts*
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 2.4 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.

2. ACCOUNTING POLICIES *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(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.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet Effective International Financial Reporting Standards

The Group has not applied the following 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]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
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

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.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet Effective International Financial Reporting Standards *(Continued)*

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.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each year as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of that asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Leasehold improvements	Over the lease terms
Motor vehicles	12% to 19%
Furniture, fixtures and equipment	10% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition as cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

The purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Intangible assets (other than goodwill) (Continued)

Trademarks

The trademarks with definite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over its estimated useful life of 5 years or are classified as intangible assets with indefinite useful lives. The directors are of the opinion that the trademarks with indefinite useful lives will contribute cash flows for an indefinite period and the legal rights of the trademarks are capable of being renewed at minimal cost.

Customer relationships

Customer relationships are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful life of 10 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	43 years
Retail stores	2 to 5 years
Buildings	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Subsequent measurement

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank borrowings and other long-term liabilities.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follow:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each year of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Revenue recognition (Continued)

Sale of goods

The Group operates a chain of retail stores and several online stores to sell ladies-wear. The Group also conducts wholesale to distributors. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated. The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or expired.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Contract costs (Continued)

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns, and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates the Share Award Scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each year until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding awarded shares through new issue of shares is reflected as additional share dilution in the computation of earnings per share.

Shares held for the Share Award Scheme

As disclosed in note 29 to the financial statements, the Group has engaged a trustee to administer the Share Award Scheme, where the trustee may purchase shares issued by the Company from the market as awards to the relevant participants. The consideration paid by the Company, including any directly attributable incremental costs, is presented as "shares held for the Share Award Scheme" and deducted from the Group's equity.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

There were no forfeited contributions utilised by the Group to reduce the existing level of contributions under the Group's MPF Scheme.

The employees of the Group's subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Foreign currencies

The functional currency of the Company is HK$, while these financial statements are presented in RMB. The turnover of the Group is entirely contributed by the business in Chinese Mainland and the presentation currency of RMB could provide users of the financial statements with more comparable information with other companies in similar industries. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the year. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain entities in the Group are currencies other than RMB. As at the end of the year, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the year and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and other intangible assets with indefinite useful lives

The Group determines whether goodwill and other intangible assets with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and other intangible assets with indefinite useful lives are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and other intangible asset with indefinite useful lives at 31 December 2023 were RMB1,253,540,000 (2022: RMB1,253,540,000) and RMB590,500,000 (2022: RMB590,500,000), respectively. Further details are given in note 17.

Write-down of inventories to net realisable value

A write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down of inventories in the period in which the estimate has been changed.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to the financial statements.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain PRC subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends. Such judgement is made with reference to the Group's business plan and future cash requirements outside Chinese Mainland.

Membership-based customer loyalty program

The Group offers a membership-based customer loyalty program, under which customers who joined the membership are able to accumulate reward points through purchases of goods and could redeem these reward points for vouchers entitling discount on a subsequent purchase. The Group accrues for contract liability as members accumulate points based on the estimated standalone selling price of the points expected to be redeemed. When members redeem awards, the accrued contract liability is reduced correspondingly.

4. 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.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

(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 market	
Chinese Mainland	6,912,301
	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

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

(i) Disaggregated revenue information *(Continued)*

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 RMB'000	2022 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 and payment is generally due within 60 days from delivery, except for third-party retailers, where payment in advance is normally required.

	2023 RMB'000	2022 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.

6. PROFIT BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of inventories sold		**1,707,313**	1,409,010
Depreciation of property, plant and equipment	13	**132,982**	154,433
Depreciation of right-of-use assets	14	**836,134**	785,750
Amortisation of other intangible assets	16	**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 (note 8)):			
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	20	**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.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank loans, overdrafts and other loans	**14,640**	18,880
Interest on lease liabilities	**34,099**	37,437
Total	**48,739**	56,317

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	**540**	516
Other emoluments:		
Salaries, allowances and benefits in kind	**5,779**	6,006
Equity-settled share award expense	**1,141**	2,891
Pension scheme contributions	**32**	52
Subtotal	**6,952**	8,949
Total	**7,492**	9,465

During the year, certain directors were granted share award, in respect of their services to the Group, under the Share Award Scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such award, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 RMB'000	2022 RMB'000
Mr. Zhang Guodong	180	172
Mr. Zhong Ming	180	172
Mr. Zhou Xiaoyu	180	172
Total	540	516

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expense RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Ms. He Hongmei	–	1,811	–	1,141	2,952
Mr. Jin Rui	–	937	16	–	953
Chief executive:					
Mr. Jin Ming	–	3,031	16	–	3,047
Total	–	5,779	32	1,141	6,952

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expense RMB'000	Total remuneration RMB'000
2022					
Executive directors:					
Ms. He Hongmei	–	2,662	21	2,891	5,574
Mr. Jin Rui	–	516	15	–	531
Chief executive:					
Mr. Jin Ming	–	2,828	16	–	2,844
Total	–	6,006	52	2,891	8,949

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included a director and the chief executive (2022: a director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**3,901**	3,906
Equity-settled share award expense	**1,570**	4,858
Pension scheme contributions	**80**	82
Total	**5,551**	8,846

9. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
Nil to RMB1,000,000	**–**	–
RMB1,000,001 to RMB1,500,000	**1**	–
RMB1,500,001 to RMB2,000,000	**–**	–
RMB2,000,001 to RMB2,500,000	**2**	1
RMB2,500,001 to RMB3,000,000	**–**	–
RMB3,000,001 to RMB3,500,000	**–**	2
Total	**3**	3

10. 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 **RMB'000**	2022 RMB'000
Current – Chinese Mainland	**152,796**	96,481
Deferred (note 27)	**9,173**	(7,538)
Total tax charge for the year	**161,969**	88,943

10. INCOME TAX *(Continued)*

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 is 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.

11. DIVIDENDS

	2023 RMB'000	2022 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.

12. 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 RMB'000	2022 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

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	669,800	551,831	19,137	33,594	1,274,362
Accumulated depreciation	(134,728)	(423,410)	(9,043)	(22,727)	(589,908)
Net carrying amount	535,072	128,421	10,094	10,867	684,454
At 1 January 2023, net of accumulated depreciation	535,072	128,421	10,094	10,867	684,454
Additions	6,428	99,581	1,492	3,447	110,948
Disposals	–	–	(104)	(830)	(934)
Depreciation provided during the year	(19,085)	(107,291)	(3,695)	(2,911)	(132,982)
At 31 December 2023 net of accumulated depreciation	522,415	120,711	7,787	10,573	661,486
At 31 December 2023:					
Cost	676,228	561,444	20,525	36,211	1,294,408
Accumulated depreciation	(153,813)	(440,733)	(12,738)	(25,638)	(632,922)
Net carrying amount	522,415	120,711	7,787	10,573	661,486

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
31 December 2022					
At 1 January 2022:					
Cost	671,889	501,746	15,135	27,686	1,216,456
Accumulated depreciation	(117,611)	(404,134)	(6,177)	(19,876)	(547,798)
Net carrying amount	554,278	97,612	8,958	7,810	668,658
At 1 January 2022, net of accumulated depreciation	554,278	97,612	8,958	7,810	668,658
Additions	–	160,323	4,084	5,916	170,323
Disposals	–	–	(82)	(12)	(94)
Depreciation provided during the year	(19,206)	(129,514)	(2,866)	(2,847)	(154,433)
At 31 December 2022 net of accumulated depreciation	535,072	128,421	10,094	10,867	684,454
At 31 December 2022:					
Cost	669,800	551,831	19,137	33,594	1,274,362
Accumulated depreciation	(134,728)	(423,410)	(9,043)	(22,727)	(589,908)
Net carrying amount	535,072	128,421	10,094	10,867	684,454

14. LEASES

The Group as a lessee

The Group has lease contracts for plant, property and retail stores used in its operations. Leases of plant and retail stores generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	**Retail stores**	**Buildings**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	99,139	529,182	242,935	871,256
Additions	–	726,450	5,240	731,690
Depreciation charge	(2,458)	(732,068)	(51,224)	(785,750)
As at 31 December 2022 and 1 January 2023	96,681	523,564	196,951	817,196
Additions	–	774,392	11,135	785,527
Depreciation charge	(2,458)	(783,722)	(49,954)	(836,134)
As at 31 December 2023	94,223	514,234	158,132	766,589

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023	2022
	RMB'000	RMB'000
Carrying amount at 1 January	**757,499**	761,424
New leases	**785,527**	731,690
Accretion of interest recognised during the year	**34,099**	37,437
Payments	**(824,813)**	(773,052)
Carrying amount at 31 December	**752,312**	757,499
Analysed into:		
Current portion	**470,115**	377,543
Non-current portion	**282,197**	379,956

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	34,099	37,437
Depreciation charge of right-of-use assets	836,134	785,750
Variable lease payments not included in the measurement of lease liabilities (included in selling expense)	728,311	566,921
Total amount recognised in profit or loss	1,598,544	1,390,108

(d) *Extension options*

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Set out below are the undiscounted future rental payments relating to periods following the exercise date of extension options that are included in the lease terms:

	2023 RMB'000	2022 RMB'000
Extension options expected to be exercised	171,093	134,963

(e) *Variable lease payments*

The Group leased a number of the retail stores and units in shopping malls which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores. There are also minimum annual base rental arrangements for these leases. The amount of the variable lease payments recognised in profit or loss for the current year for these leases is RMB728,311,000.

(f) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

14. LEASES *(Continued)*

The Group as a lessor

The Group had acquired properties including three warehouse buildings and an integrated office building through acquisition of a subsidiary in prior year and leased a few units under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB11,981,000 (2022: RMB12,001,000), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 **RMB'000**	2022 RMB'000
Within one year	**8,070**	11,434
After one year but within two years	**1,704**	6,095
After two years	**135**	641
Total	**9,909**	18,170

15. GOODWILL

	2023 **RMB'000**	2022 RMB'000
Cost and net carrying amount at 1 January and 31 December	**1,253,540**	1,253,540

Impairment testing of goodwill

Details of the impairment testing of goodwill are set out in note 17 to these financial statements.

16. OTHER INTANGIBLE ASSETS

	Customer relationships RMB'000	Trademarks* RMB'000	Software RMB'000	Total RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	5,974	590,500	22,448	618,922
Additions	–	–	5,449	5,449
Amortisation provided during the year	(1,707)	–	(6,770)	(8,477)
At 31 December 2023	4,267	590,500	21,127	615,894
At 31 December 2023:				
Cost	17,068	606,836	42,574	666,478
Accumulated amortisation	(12,801)	(16,336)	(21,447)	(50,584)
Net carrying amount	4,267	590,500	21,127	615,894

	Customer relationships RMB'000	Trademarks* RMB'000	Software RMB'000	Total RMB'000
31 December 2022				
Cost at 1 January 2022, net of accumulated amortisation	7,681	590,500	16,410	614,591
Additions	–	–	12,201	12,201
Amortisation provided during the year	(1,707)	–	(6,163)	(7,870)
At 31 December 2022	5,974	590,500	22,448	618,922
At 31 December 2022:				
Cost	17,068	606,836	37,125	661,029
Accumulated amortisation	(11,094)	(16,336)	(14,677)	(42,107)
Net carrying amount	5,974	590,500	22,448	618,922

* Trademarks of "NAERSI", "NEXY.CO" and "NAERSILING" acquired from a subsidiary amounting to RMB590,500,000 are regarded as having indefinite useful lives as they are expected to generate net cash inflows to the Group indefinitely. As at 31 December 2023, these intangible assets with indefinite useful lives were tested for impairment (note 17).

17. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGUs") for impairment testing:

	2023 RMB'000	2022 RMB'000
CADIDL brand CGU	**21,681**	21,681
NAERSI, NEXY.CO and NAERSILING brand CGU	**1,231,859**	1,231,859
	1,253,540	1,253,540

The respective carrying amounts of goodwill and other intangible assets with indefinite useful lives allocated to each of the above CGUs are set out below:

	2023		2022	
	Goodwill RMB'000	**Other intangible assets with indefinite useful lives RMB'000**	Goodwill RMB'000	Other intangible assets with indefinite useful lives RMB'000
CADIDL brand CGU	**21,681**	**–**	21,681	–
NAERSI, NEXY.CO and NAERSILING brand CGU	**1,231,859**	**590,500**	1,231,859	590,500
	1,253,540	**590,500**	1,253,540	590,500

The recoverable amount of each CGU has been determined based on a value-in-use calculation using cash flow projection based on financial budgets or forecasts approved by management covering a period of five years. The growth rates used to extrapolate the cash flows beyond the period are based on the estimated growth rate of each unit, taking into account the industry growth rate, past experience and its expectations for market development target of each CGU. The impairment assessment of goodwill and trademarks with indefinite lives allocated to NAERSI, NEXY.CO and NAERSILING brand CGU is based on a valuation by an independent professional valuer, Avista Group.

17. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES *(Continued)*

Assumptions were used in the value-in-use calculation of each CGU as at 31 December 2023 and 31 December 2022. The following describes each key assumption made by the management on cash flow projections to undertake impairment testing of goodwill and other intangible assets with indefinite useful lives:

		2023	2022
CADIDL brand CGU	Discount rate	14%	14%
	Budgeted gross margins	69%-72%	70%-71%
	Terminal growth rates	2.3%	3%
NAERSI, NEXY.CO and NAERSILING brand CGU	Discount rate	15%	15%
	Budgeted gross margins	74%-75%	74%-75%
	Terminal growth rates	2.3%	3%

Forecast sales amounts – The forecast sales amounts are based on the historical sales data and market outlook perceived by management.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant CGUs.

The values assigned to the key assumptions on market development of the CGUs and discount rates are consistent with external information sources.

Judgement is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of goodwill and trademarks with indefinite lives to exceed their recoverable amounts, respectively. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results.

18. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	1,800	1,200

18. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' losses for the year	–	(2,733)
Aggregate carrying amount of the Group's investments in the associates	1,800	1,200

19. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	173,386	164,842
Work in progress	8,799	8,309
Finished goods	970,320	850,811
Total	1,152,505	1,023,962

20. 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.

20. TRADE AND BILLS RECEIVABLES *(Continued)*

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.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Current		
Prepayments	110,868	73,579
Deposits and other receivables	95,566	91,178
Right-of-return assets	2,043	2,018
Loans to employees	211	576
	208,688	167,351
Impairment	–	–
	208,688	167,351
Non-current		
Prepayments	–	4,888
Deposits and other receivables	29,504	36,763
Loans to employees	1,997	3,572
	31,501	45,223

The movement in the loss allowance for impairment of prepayments, other receivables and other assets is as follows:

	2023 RMB'000	2022 RMB'000
At beginning of year	–	21,250
Impairment losses, net	–	–
Amount written off as uncollectible	–	(21,250)
At end of year	–	–

As at 31 December 2022, the decrease in the loss allowance was due to the write-off of certain other receivables of RMB21,250,000.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Financial assets at fair value through profit or loss		
– Non-current		
Wealth management products, at fair value	80,655	59,674
– Current		
Wealth management products, at fair value	897,274	427,376
Others	12,359	–
	909,633	427,376

The above wealth management products were issued by banks and trustees in Chinese Mainland and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2023 RMB'000	2022 RMB'000
Cash and bank balances	440,756	361,463
Time deposits:	120,625	235,495
	561,381	596,958
Less:		
Pledged time deposits with original maturity of more than three months when acquired	(120,625)	(235,495)
Cash and cash equivalents	440,756	361,463

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS *(Continued)*

The cash and bank balance were denominated in the following currencies：

	2023 RMB'000	2022 RMB'000
Cash and bank balances denominated in		
RMB	**556,619**	574,440
Hong Kong Dollar ("HK$")	**4,173**	21,859
EUR ("€")	**576**	534
US Dollar ("US$")	**13**	125
Cash and bank balances	**561,381**	596,958

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for more than three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. Time deposits of RMB65,521,000 were deposited as pledge as at 31 December 2023 (2022: RMB235,495,000) for bills payable (note 24). The pledged bank deposits will be released upon the settlement of relevant bills payable. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

25. OTHER PAYABLES AND ACCRUALS

	Notes	2023 RMB'000	2022 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 RMB'000	2022 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.

26. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	2.70 to 3.20	2024	473,000	3.20 to 3.90	2023	349,950
Current portion of long term bank loans – secured	HIBOR+0.4	2024	40,779	HIBOR+0.4	2023	40,199
Total – current			513,779			390,149
Non-current						
Bank loans – secured			–	HIBOR+0.4	2024	40,199
Total – non-current			–			40,199
Analysed into:						
Bank loans repayable						
Within one year			513,779			390,149
In the second to fourth years, inclusive			–			40,199
Total			513,779			430,348

Notes:

(a) The Group's overdraft facilities amounted to RMB1,044,102,000 (2022: RMB906,050,000), of which RMB672,779,000 (2022: RMB528,347,000) had been utilised as at the end of the reporting period.

(b) Except for the HIBOR+0.4% secured bank loan which are denominated in Hong Kong dollars, all borrowings are in Renminbi ("RMB").

(c) Certain of the Group's bank loans amounting to RMB40,779,000 (2022: RMB80,397,000) were secured by mortgages over the Group's buildings, which had a net carrying value at the end of the reporting period of approximately RMB86,006,000 (2022: RMB92,794,000) and guaranteed by the Company.

(d) Certain of the Group's bank loans amounting to RMB473,000,000 (2022: RMB329,950,000) were guaranteed by the Company and certain subsidiaries of the Company.

27. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairment of assets RMB'000	Unrealised profits RMB'000	Contract liabilities RMB'000	Granted shares under the Share Award Scheme RMB'000	Lease liabilities RMB'000	Deductible temporary differences RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Total RMB'000
At 1 January 2022 (restated)	20,681	530	8,121	22,484	114,214	9,390	–	175,420
Effect on opening deferred tax of decrease in rate	–	–	–	(4,115)	–	–	627	(3,488)
Credited/(charged) to the statement of profit or loss during the year (note 10)	5,406	(185)	736	(2,534)	(589)	(2,918)	–	(84)
At 31 December 2022 and 1 January 2023 (restated)	26,087	345	8,857	15,835	113,625	6,472	627	171,848
Credited to the share award reserve during the year	–	–	–	(55)	–	–	–	(55)
Charged to other comprehensive income during the year	–	–	–	–	–	–	(627)	(627)
Credited/(charged) to the statement of profit or loss during the year (note 10)	5,023	(184)	(447)	(2,063)	(778)	(3,183)	–	(1,632)
At 31 December 2023	31,110	161	8,410	13,717	112,847	3,289	–	169,534

27. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustment on other intangible assets arising from business combinations RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Withholding taxes RMB'000	Right-of-use assets RMB'000	Taxable temporary differences RMB'000	Total RMB'000
At 1 January 2022 (restated)	149,696	12	1,661	15,000	115,818	–	282,187
(Credited)/charged to the statement of profit or loss during the year (note 10)	(461)	–	(210)	–	(7,741)	790	(7,622)
Credited to other comprehensive income during the year	–	(12)	–	–	–	–	(12)
At 31 December 2022 and 1 January 2023 (restated)	149,235	–	1,451	15,000	108,077	790	274,553
(Credited)/charged to the statement of profit or loss during the year (note 10)	(448)	–	178	15,000	(7,222)	33	7,541
At 31 December 2023	148,787	–	1,629	30,000	100,855	823	282,094

The Group has aggregate tax losses arising in Hong Kong of RMB121,200,000 (2022: RMB99,448,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. The Group has aggregate tax losses arising in Mainland China of RMB175,844,000 (2022: RMB145,109,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not probable that the foreseeable future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings generated from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. In the current year, the Group accrued withholding tax of RMB30,000,000 (2022: RMB15,000,000) for those subsidiaries established in Chinese Mainland.

27. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 **RMB'000**	2022 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	**68,679**	63,771
Net deferred tax liabilities recognised in the consolidated statements of financial position	**181,239**	166,476

28. SHARE CAPITAL

	2023	2022
Issued and fully paid:		
704,050,195 (31 December 2022: 704,050,195) ordinary shares of HK$0.01 each (HK$'000)	**7,041**	7,041
Equivalent to RMB'000	**5,766**	5,766

	Notes	**Number of shares in issue**	**Share capital** RMB'000	**Share premium** RMB'000
At 1 January 2022		704,050,195	5,766	2,031,261
Vesting shares under the Share Award Scheme	(a)	–	–	7,743
At 31 December 2022 and 1 January 2023		704,050,195	5,766	2,039,004
Vesting shares under the Share Award Scheme	(a)	–	–	(18,691)
At 31 December 2023		704,050,195	5,766	2,020,313

28. SHARE CAPITAL *(Continued)*

(a) During the year ended 31 December 2023, an amount of RMB49,615,000 (2022: RMB128,605,000) was transferred from the share award reserve to share premium account and an amount of RMB68,306,000(2022: RMB120,862,000) was transferred from the share premium account to shares held for the Share Award Scheme upon the vesting of the awarded shares.

(b) As at 31 December 2023, the total number of issued ordinary shares of the Company was 704,050,195 (2022: 704,050,195) shares which included 22,812,010 (2022: 28,584,381) shares held under the Share Award Scheme adopted by the Company on 2 December 2019 (note 29).

29. SHARE AWARD SCHEME

On 2 December 2019 (the "Adoption Date"), the Board resolved to adopt a Share Award Scheme (the "Share Award Scheme") for the purpose of providing incentives in order to retain to the participants for the continual operation and development of the Group and to attract suitable personnel for further development of the Group, the Board may, from time to time, at its sole and absolute discretion grantees for participation in the Share Award Scheme as Selected Grantees ("Selected Grantees").

Participants of the Share Award Scheme cover any employee, director, officer, of any member of the Group or any affiliate and non-employees (i) any consultant or advisor of any member of the Group, or (ii) any trustee of a trust established (the "Trustee") for the benefit of any employee of any member of the Group, or (iii) any director or officer of any supplier of any member of the Group whom the Board in its sole discretion considers may contribute or have contributed to the Group. Awards may be satisfied by (i) transferred by Koradior Investments Limited, being an existing shareholder of the Company holding approximately 43.86% of the issued share capital of the Company as at the Adoption Date, to the Trustee for the purposes of the Share Award Scheme, and/or (ii) purchased by the Trustee on the market out of cash arranged to be paid by the Company out of the Company's funds to the Trustee, together with in each case any scrip Shares or bonus Shares (collectively the "Awarded Shares"), for the purposes of settlement of the Awarded Shares in both case the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Grantee until the end of each vesting period, subject to fulfilment of the vesting conditions.

Subject to the refreshment of the Share Award Scheme limit of shares, the Board shall not make any further award of the Awarded Shares which will result in: (i) the aggregate number of the Awarded Shares granted under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (i.e. 68,505,019 shares); and (ii) the aggregate number of the Shares held by public shareholders of the Company falling below the minimum percentage as prescribed under the Listing Rules.

On 5 December 2019, the Company entered into a trust deed with CMB Wing Lung (Trustee) Limited thereby appointing it as the Trustee.

On 14 April 2020, the Board resolved to grant an aggregate of 40,973,000 Awarded Shares pursuant to the Share Award Scheme to certain Selected Grantees. The Awarded Shares shall, subject to fulfilment of vesting conditions, be vested to the Selected Grantees in five equal tranches annually.

29. SHARE AWARD SCHEME *(Continued)*

On 15 May 2020, the first tranche totalling 8,058,200 Awarded Shares have vested and 136,400 Awarded Shares have been forfeited, and 1,017,000 Awarded Shares being forfeited on 31 December 2020.

On 15 May 2021, the second tranche totalling 7,918,200 Awarded Shares have vested and 22,150 Awarded Shares have been forfeited, and 752,850 Awarded Shares being forfeited on 31 December 2021.

On 15 May 2022, the third tranche totalling 7,507,160 Awarded Shares have vested and 182,240 Awarded Shares have been forfeited, and 1,307,600 Awarded Shares being forfeited on 31 December 2022.

On 30 August 2023, the third tranche totalling 7,154,000 Awarded Shares have vested and 509,600 Awarded Shares have been forfeited, and 625,800 Awarded Shares being forfeited on 31 December 2023.

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

The number of shares and vesting date of the Awarded Shares under the Share Award Scheme as at the end of 2023 are as follows:

	Number of Awarded Shares						
Date of grant	**As at 1 January 2023**	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**As at 31 December 2023**	**Fair value HK$ per share**	**Vesting date**
14 April 2020	7,035,600	–	(6,526,000)	(509,600)	–	7.58	30-Aug-23
14 April 2020	7,035,600	–	(628,000)	(625,800)	5,781,800	7.58	15-May-24
15 December 2023	–	9,644,000	–	–	9,644,000	14.40	15-May-24
Total	14,071,200	9,644,000	(7,154,000)	(1,135,400)	15,425,800		

The fair value of the Awarded Shares granted in 2020 was HK$282,705,000 (equivalent to RMB237,924,000), of which the Group recognised an awarded share expense of HK$19,486,000 (equivalent to RMB17,548,000) during the year ended 31 December 2023 (2022: HK$36,345,000, equivalent to RMB31,231,000).

On 15 December 2023, the Board resolved to grant an aggregate of 9,644,000 Awarded Shares pursuant to the Share Award Scheme to certain Selected Grantees. The Awarded Shares, subject to fulfilment of vesting conditions, will be vested to the Selected Grantees on 15 May 2024, and the Group recognised an awarded share expense of HK$14,618,000 (equivalent to RMB13,163,000) during the year ended 31 December 2023.

29. SHARE AWARD SCHEME *(Continued)*

The following Awarded Shares were outstanding during the year:

	Notes	Number of Awarded Shares 2023	2022
At 1 January			
Number of Awarded Shares held by the Trustee		**28,584,381**	29,480,276
Number of Awarded Shares granted but not vested		**14,071,200**	23,068,200
Maximum number of Awarded Shares available for grant*		**68,505,019**	68,505,019
At 31 December			
Number of Awarded Shares held by the Trustee		**22,812,010**	28,584,381
Number of Awarded Shares granted but not vested		**15,425,800**	14,071,200
Maximum number of Awarded Shares available for grant*		**68,505,019**	68,505,019
Granting during the year			
Grant using existing shares		**9,644,000**	7,495,500
Forfeited during the year		**1,135,400**	1,598,840
Vested during the year		**7,154,000**	14,893,660
Purchased during the year	(a)	**–**	10,960,000
Individual income tax paid on behalf of the Selected Grantees during the year	(b)	**1,381,629**	3,037,765

Notes:

(a) During the year ended 31 December 2022, the Trustee purchased 10,960,000 shares at a total cost (including related transaction costs) of HK$126,224,000 (equivalent to RMB110,665,000) from the market out of cash contributed by the Group. Such shares will be held on trust by the Trustee for the Selected Grantees until the end of the vesting period, subject to fulfilment of the vesting conditions.

(b) During the year ended 31 December 2023, tax has been paid by the Group on behalf of certain Selected Grantees whose rights were vested in the Awarded Shares and 1,381,629 Awarded Shares (2022: 3,037,765) were deducted from the total number of Awarded Shares entitled to be vested to those Selected Grantees, as the settlement for the Individual Income Tax paid by the Group on their behalf. The total cost of the related vested Awarded Shares was RMB15,804,000 (2022: RMB29,514,000).

* As mentioned above, the Board shall not make any further award of Awarded Shares which will result in the aggregate number of the Awarded Shares granted under the Share Award Scheme (excluding those cancelled or forfeited) exceeding 10% of the number of issued shares of the Company as at the Adoption Date (i.e. 2 December 2019).

30. RESERVES

The amount of the Group's reserves and the movements therein during the years ended 31 December 2023 and 2022 are presented in the consolidated statement of changes in equity on pages 138 to 139 of the financial statements.

Share premium

Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

Capital redemption reserve

The capital redemption reserve represents the nominal amount of the shares repurchased and cancelled.

Capital reserve

The capital reserve mainly comprises of (i) the difference between the consideration paid for the acquisition of a subsidiary under common control and the carrying amount of the net assets of the subsidiary at the date when the Group and the acquired subsidiary become under common control; (ii) the fair value of the share options granted by the Company which are yet to be exercised; (iii) the contribution from the immediate holding company; and (iv) the difference between the carrying amounts of non-controlling interests acquired and the consideration paid for acquisition of addition interest in subsidiaries.

Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in Chinese Mainland are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB785,527,000 (2022: RMB731,690,000) and RMB785,527,000 (2022: RMB731,691,000), respectively, in respect of lease arrangements for plant and equipment.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

2023

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	**430,348**	**757,499**
Changes from financing cash flows	**82,271**	**(824,813)**
New leases	**–**	**785,527**
Foreign exchange movement	**1,160**	**–**
Interest expense	**–**	**34,099**
At 31 December 2023	**513,779**	**752,312**

2022

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2022	491,256	761,424
Changes from financing cash flows	(74,913)	(773,052)
New leases	–	731,690
Foreign exchange movement	14,005	–
Interest expense	–	37,437
At 31 December 2022	430,348	757,499

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**(728,311)**	(566,921)
Within financing activities	**(824,813)**	(773,052)
	(1,553,124)	(1,339,973)

32. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year ended 31 December 2023:

		2023 RMB'000	2022 RMB'000
Processing fees	Note	**349,620**	288,066

Note: Shenzhen Yingjia Fashion Co., Ltd. ("Yingjia Fashion") (深圳市贏家服飾有限公司) is 53% and 47% owned by Ms. Chen Lingmei and Mr. Jin Jingquan respectively. Mr. Jin Rui is a director of the Company.

During the year ended 31 December 2023, the Group entered into a processing agreement with Yingjia Fashion and two of its subsidiaries (collectively referred to as the "Yingjia Fashion Group"), pursuant to which the Yingjia Fashion Group provided processing and manufacturing services to the Group. The VAT-inclusive processing fees incurred to the Yingjia Fashion Group amounted to RMB349,620,000 (2022: RMB288,066,000) for the year ended 31 December 2023.

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

		Due to related parties		Due from related parties	
		2023	2022	**2023**	2022
		RMB'000	RMB'000	**RMB'000**	RMB'000
Current					
Yingjia Fashion Group	(1)	**120,974**	81,296	**26,195**	–

(1) The Group had an outstanding balance due to the Yingjia Fashion Group of RMB120,974,000 (2022: RMB81,296,000), and an amount due from the Yingjia Fashion Group of RMB26,195,000 (2022: Nil) as at the end of the reporting period. This balance is unsecured, interest-free and repayable on demand.

(c) Commitments with related parties

The Group has rental contracts with the Yingjia Fashion Group. As at 31 December 2023, the Group had total lease liabilities with these related companies under non-cancellable leases falling due as follows:

	2023	2022
	RMB'000	RMB'000
Lease liabilities – current	**715**	752
Lease liabilities – non-current	**749**	–
	1,464	752

Under such rental contracts, the minimum lease payment during the year was RMB767,000 (2022: RMB767,000).

As at 31 December 2023, the Group's right-of-use assets relating to such rental contracts amounted to RMB1,535,000 (31 December 2022: RMB752,000).

32. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	10,394	10,774
Pension scheme contributions	130	153
Equity-settled share award expense	1,926	8,759
	12,450	19,686

Further details of directors' emoluments are included in notes 8 and 9 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

2023

Financial assets

	Financial assets at fair value through profit or loss		
	Held for trading RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	717,449	717,449
Financial assets included in prepayments, other receivables and other assets (note 21)	–	127,278	127,278
Financial assets at fair value through profit or loss	990,288	–	990,288
Time deposits	–	120,625	120,625
Cash and cash equivalents	–	440,756	440,756
	990,288	1,406,108	2,396,396

33. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Held for trading RMB'000	Equity instruments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	25,822	–	25,822
Trade receivables	–	–	472,233	472,233
Financial assets included in prepayments, other receivables and other assets (note 21)	–	–	132,089	132,089
Financial assets at fair value through profit or loss	487,050	–	–	487,050
Time deposits	–	–	235,495	235,495
Cash and cash equivalents	–	–	361,463	361,463
	487,050	25,822	1,201,280	1,714,152

Financial liabilities

	Financial liabilities at amortised cost	
	2023 RMB'000	2022 RMB'000
Trade and bills payables	**411,505**	464,238
Financial liabilities included in other payables and accruals (note 25)	**115,280**	106,969
Other long-term liabilities	**3,000**	3,000
Lease liabilities	**752,312**	757,499
Interest-bearing bank borrowings	**513,779**	430,348
	1,795,876	1,762,054

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's instruments, other than those with carrying amounts that reasonable approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	**–**	25,822	**–**	25,822
Time deposits, non-current portion	**–**	53,330	**–**	53,330
Financial assets at fair value through profit or loss	**990,288**	487,050	**990,288**	487,050
	990,288	566,202	**990,288**	566,202

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Interest-bearing bank borrowings	**513,779**	430,348	**513,779**	430,348
Other long-term liabilities	**3,000**	3,000	**3,000**	3,000
	516,779	433,348	**516,779**	433,348

Management has assessed that the fair values of cash and cash equivalents, the current portion of time deposits, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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

The fair value of long-term bank deposits has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of long-term bank deposits approximate to their fair values.

The fair values of structured bank deposits, have been estimated within Level 2 using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of other wealth management products and listed equity investments are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	283,056	707,232	–	990,288

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: (Continued)

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	25,822	–	–	25,822
Financial assets at fair value through profit or loss	205,369	281,681	–	487,050
	231,191	281,681	–	512,872

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 (2022: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Interest rate risk

The Group's interest rate risk arises primarily to the Group's borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group constantly assesses the interest rate risk it encounters to decide whether it is required to hedge against the possible interest rate risk that may arise.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

On 31 December 2023, if the interest rate of bank borrowings had increased/decreased by 1% and all other factors remained unchanged, the profit before tax for the year of the Group would have decreased/increased by approximately RMB87,000 (2022: RMB85,000).

Foreign currency risk

Most of the Group's turnover and substantially most of the Group's cost of sales and operating expenses are denominated in RMB. Accordingly, the transactional currency exposures of the Group are not significant.

Credit risk

The Group's credit risk is primarily attributable to deposits with banks, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

The Group's trade and other receivables primarily comprise amounts receivable from the owners of department stores and shopping malls in the PRC with no recent history of material defaults. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each department store and shopping mall. The Group has worked with a large number of department stores and shopping malls and there is no significant concentration of credit risk. The Group performs credit evaluation which focuses on the debtor's past history of making payments and current ability to pay.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Non-current rental deposits were paid to owners of department stores and shopping malls. The board of directors consider that the amounts are fully recoverable considering their creditworthiness.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	–	–	–	717,449	717,449
Financial assets included in prepayments, other receivables and other assets					
– Normal**	127,278	–	–	–	127,278
Time deposits					
– Not yet past due	120,625	–	–	–	120,625
Cash and cash equivalents					
– Not yet past due	440,756	–	–	–	440,756
	688,659	–	–	717,449	1,406,108

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	–	–	–	472,233	472,233
Financial assets included in prepayments, other receivables and other assets					
– Normal**	132,089	–	–	–	132,089
Time deposits					
– Not yet past due	235,495	–	–	–	235,495
Cash and cash equivalents					
– Not yet past due	361,463	–	–	–	361,463
	729,047	–	–	472,233	1,201,280

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management and directors when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2023			
	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	499,557	276,994	–	776,551
Interest-bearing bank borrowings	572,481	–	–	572,481
Trade and bills payables	411,505	–	–	411,505
Other long-term liabilities		3,000	–	3,000
Financial liabilities included in other payables and accruals	115,280	–	–	115,280
	1,598,823	279,994	–	1,878,817

	2022			
	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	451,849	372,175	–	824,024
Interest-bearing bank borrowings	354,651	43,342	–	397,993
Trade and bills payables	464,238	–	–	464,238
Other long-term liabilities	–	3,000	–	3,000
Financial liabilities included in other payables and accruals	106,969	–	–	106,969
	1,377,707	418,517	–	1,796,224

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is interest-bearing bank borrowings divided by total equity. The gearing ratios as at the end of the reporting periods were as follows:

	2023 RMB'000	2022 RMB'000
Interest-bearing bank borrowings	513,779	430,348
Total equity	4,561,420	3,987,500
Gearing ratio	11.26%	10.79%

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Investments in a subsidiary	2,478,395	2,412,649
Total non-current assets	2,478,395	2,412,649
CURRENT ASSETS		
Cash and cash equivalents	4,133	2,320
Prepayments, other receivables and other assets	26,148	15,531
Total current assets	30,281	17,851
CURRENT LIABILITIES		
Other payables and accruals	1,249,366	1,006,846
Interest-bearing bank borrowings	133,779	40,199
Total current liabilities	1,383,145	1,047,045
NET CURRENT LIABILITIES	(1,352,864)	(1,029,194)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,125,531	1,383,455
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	–	40,199
Total non-current liabilities	–	40,199
Net assets	1,125,531	1,343,256
EQUITY		
Share capital	5,766	5,766
Reserves (note)	1,119,765	1,337,490
	1,125,531	1,343,256

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Awarded Share reserve RMB'000	Shares held for the Share Award Scheme RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 December 2021	2,031,261	196	149,397	80,270	(245,196)	(75,432)	(415,527)	1,524,969
Loss for the year	–	–	–	–	–	–	(8,909)	(8,909)
Other comprehensive income for the year:								
Exchange differences on translation of financial statements	–	–	–	–	–	130,059	–	130,059
Total comprehensive income for the year	–	–	–	–	–	130,059	(8,909)	121,150
Repurchase shares under the Share Award Scheme	–	–	–	–	(110,665)	–	–	(110,665)
Share Award Scheme arrangements	–	–	–	110,525	–	–	–	110,525
Vesting shares under the Share Award Scheme	7,743	–	–	(128,178)	91,445	–	–	(28,990)
Issuance of ordinary shares	–	–	–	–	–	–	–	–
Final 2021 dividend declared	–	–	–	–	–	–	(279,499)	(279,499)
At 31 December 2022	2,039,004	196	149,397	62,617	(264,416)	54,627	(703,935)	1,337,490

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: *(Continued)*

	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Awarded Share reserve RMB'000	Shares held for the Share Award Scheme RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 December 2022	2,039,004	196	149,397	62,617	(264,416)	54,627	(703,935)	1,337,490
Loss for the year	–	–	–	–	–	–	(7,490)	(7,490)
Other comprehensive income for the year:								
Exchange differences on translation of financial statements	–	–	–	–	–	23,970	–	23,970
Total comprehensive income for the year	–	–	–	–	–	23,970	(7,490)	16,480
Share Award Scheme arrangements	–	–	–	30,711	–	–	–	30,711
Vesting shares under the Share Award Scheme	(18,691)	–	–	(49,615)	52,502	–	–	(15,804)
Final 2022 dividend declared	–	–	–	–	–	–	(249,112)	(249,112)
At 31 December 2023	2,020,313	196	149,397	43,713	(211,914)	78,597	(960,537)	1,119,765

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2024.