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EEKA Fashion Holdings Limited

贏家時尚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

VOLUNTARY ANNOUNCEMENT RESOLVING OF HIGH SHAREHOLDING CONCENTRATION

This voluntary announcement is made by the Company to inform its Shareholders and potential investors on the shareholding structure of the Company as at 29 April 2020. This announcement is made in response to the SFC Announcement on 27 June 2016 regarding the then high concentration of shareholding in the Company.

Based on an analysis of the shareholding structure of the Company and the information available as at 29 April 2020, the Board is satisfied that (i) the shareholding concentration condition as at 8 June 2016 and as may have been alluded to in the SFC Announcement has not persisted; and (ii) there has been no concentration of its shareholding in the hands of a limited number of Shareholders as at 29 April 2020. The Board believes that the Company has complied with all the conditions for high shareholding concentration companies to regain eligibility for constituency in Hang Seng Family of Indexes and is taking steps to seek such index re-inclusion as a matter of priority.

This is a voluntary announcement made by EEKA Fashion Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to inform its shareholders (the “**Shareholders**”) and potential investors of the shareholding structure of the Company as at 29 April 2020.

This announcement is made in response to the only shareholding concentration announcement issued in respect of the Company by the Securities and Futures Commission (the “**SFC Announcement**”) on 27 June 2016 regarding the then high concentration of shareholding in the Company.

BACKGROUND

According to the SFC Announcement, as at 8 June 2016, a group of 12 Shareholders held an aggregate of 112,648,422 shares of the Company (the “**Shares**”), representing 22.35% of the then issued share capital of the Company. Such shareholding, together with an aggregate of 367,000,078 Shares (representing 72.8% of the then issued Shares) held by a controlling Shareholder and two substantial Shareholders, represented 95.15% of the then issued share capital of the Company as at 8 June 2016.

The board (the “Board”) of directors (the “Directors”) of the Company wishes to emphasise that the information disclosed in the SFC Announcement only reflected the Company’s shareholding structure as at 8 June 2016. The information disclosed in the 2016 Announcement does not reflect the status of the Company’s most up-to-date shareholding structure.

UPDATE ON THE INFORMATION PERTINENT TO ASSESSING THE COMPANY’S SHAREHOLDING CONCENTRATION CONDITION

The Board’s own inquiries

To enhance greater transparency on the Company’s shareholding structure, the Board has conducted inquiries into the Company’s shareholding structure (the “**Inquiries**”). To the best of the Board’s knowledge and based on the results of the Inquiries, the Company’s shareholding structure as at 29 April 2020 was as follows:

	Number of Shares held (Shares)	% of number of issued Shares (%)
Koradior Investments Limited (<i>Note 1</i>)	279,715,000	40.83%
Apex Noble Holdings Limited (<i>Note 2</i>)	198,713,195	29.01%
Fosun International Limited (<i>Note 3</i>)	23,131,000	3.38%
Alpha Cosmo Holdings Limited (<i>Note 4</i>)	20,735,500	3.03%
Subtotal	522,294,695	76.25%
A group of 12 corporate Shareholders who held 300,000 Shares or more	27,475,183	4.01%
A group of 40 individual Shareholders who held 100,000 Shares or more	71,246,000	10.40%
A group of 3 institutional Shareholders who held 20,000 Shares or more	2,011,972	0.29%
Other Shareholders	62,022,345	9.05%
Total	<u>685,050,195</u>	<u>100%</u>

Note 1: The entire issued share capital of Koradior Investments Limited is wholly-owned by Mayberry Marketing Limited, 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 279,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the Securities and Futures Ordinance (the “SFO”).

Note 2: The entire issued share capital of Apex Noble Holdings Limited is wholly-owned by Heritage Holdings Limited, which is in turn wholly-owned by BOS Trustee Limited as trustee of Jin’s Heritage Trust. 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 198,713,195 Shares held by Apex Noble Holdings Limited by virtue of Part XV of the SFO.

Note 3: The shares of Fosun International Limited (stock code: 656) are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Note 4: Alpha Cosmo Holdings Limited is the trustee of the share award scheme adopted by the Company on 2 December 2019. On 27 April 2020, Koradior Investments Limited transferred 20,735,500 Shares in aggregate, representing approximately 3.03% of the entire issued share capital of the Company as at the date of this announcement, to the trustee as contribution of trust shares into the share award scheme of the Company.

To further demonstrate the Company's shareholding is no longer concentrated, based on the results of the Inquiries, the Company summarises the percentage of shareholdings held by its top Shareholders as at 8 June 2016 and 29 April 2020:

	Aggregate shareholding percentage as at	
	8 June 2016	29 April 2020
Top 15 Shareholders	95.15%	87.78%
Top 20 Shareholders	–	88.50%

Accordingly, the number of Shares held by Shareholders other than the 15 Shareholders with the largest shareholdings in the Company increased from 4.85% of the issued share capital as at 8 June 2016 to 12.22% as at 29 April 2020.

As stated in the shareholding structure of the Company above, in addition to the 279,715,000 Shares held by Koradior Investments Limited, 198,713,195 Shares held by Apex Noble Holdings Limited and 23,131,000 Shares held by Fosun International Limited, representing approximately 40.83%, 29.01% and 3.38% of the entire issued share capital of the Company, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at 29 April 2020, approximately 14.70% of the Shares were held by over 55 identified Shareholders (including 40 individual Shareholders, 12 corporate Shareholders and 3 institutional Shareholders, each holding 20,000 Shares or more) and approximately 9.05% of the remaining issued share capital were held by other Shareholders.

The results of the Inquiries also revealed that, as at 29 April 2020, the shareholding structure of the Company was geographically diversified across Hong Kong, the People's Republic of China, the United States of America, the United Kingdom and Canada.

Actions taken since the date of the SFC Announcement

Since the date of the SFC Announcement, the Company has actively taken steps to resolve the Company's high concentration of shareholding, a summary of which is as follows:

- (i) As disclosed in the announcement of the Company dated 4 July 2016, Shenzhen Korador Fashion Ltd, a subsidiary of the Company, entered into a strategic cooperation agreement with Qingdao Kute Smart Co., Ltd (青島酷特智能股份有限公司) on 4 July 2016, for jointly developing "DE KORA", a new customized fashion brand of the Group.
- (ii) As disclosed in the announcement of the Company dated 20 March 2017, Shanghai Kody Brand Management Limited (上海珂蒂品牌管理有限公司), a subsidiary of the Company entered into an asset transfer agreement with SK Networks (China) Fashion Co. Ltd. on 9 March 2017 to operate the brands of "Obzee" and "O'2nd".
- (iii) As disclosed in the announcement of the Company dated 25 March 2019, the Company entered into an acquisition agreement on 25 March 2019 to acquire the entire issued share capital of Keen Reach Holdings Limited ("**Keen Reach**") and a shareholder's loan. The operating subsidiary of Keen Reach is principally engaged in the design, retail and wholesale of middle and high-end ladies-wear products of three brands, namely "NAERSI", "NEXY.CO" and "NAERSILING", at the consideration of HK\$2,387,775,349 which was satisfied as to HK\$500,000,000 in cash and as to HK\$1,887,775,349 by the issue and allotment of 198,713,195 consideration Shares at the issue price of HK\$9.50 per consideration Share. The acquisition was completed on 3 July 2019.
- (iv) As disclosed in the announcement of the Company dated 5 September 2019, Shenzhen Korador Fashion Co., Ltd. (深圳市珂萊蒂爾服飾有限公司), a subsidiary of the Company, entered into an acquisition agreement and a debt repayment agreement with Shenzhen Western Urban Construction Investment Holding Group Co., Ltd. (深圳市西部城建投資控股集團有限公司) for a total cash consideration of RMB401,134,629.32 on 9 May 2019. This acquisition was mainly in relation to an industrial complex owned by Shenzhen Haowei Flat Screen Display Materials Co., Ltd. (深圳市豪威平板顯示材料有限公司) in an industrial park in Shenzhen.
- (v) As disclosed in the announcement of the Company dated 15 October 2019, the Company has officially commenced the construction work of its omni-channel, in order to gradually promote the integration between online and offline channels, enable better offline channels capacity, and further enhance its overall service capacity. The EEKA Fashion Mall was officially launched on 13 January 2020.
- (vi) As disclosed in the announcement of the Company dated 2 December 2019, the Company announced the adoption of the share award scheme to recognise the contributions by certain grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The scheme limit is 10% of the issued share capital of the Company as at the adoption date, of which the controlling Shareholder contributed up to 4.9% of the Company's issued share capital to the scheme as incentive to attract and retain grantees for the long-term development of the Group.

- (vii) As disclosed in the announcement of the Company dated 29 April 2020, on 27 April 2020, Koradior Investments Limited, being a controlling Shareholder of the Company, transferred a total of 20,735,500 Shares, representing approximately 3.03% of the entire issued share capital of the Company as at the date of this announcement, to the trustee of the share award scheme as contribution of trust shares to the scheme as incentive to attract and retain the grantees of the share award scheme so as to facilitate the long term development of the Group. Such Shares will be held by the trustee until it is instructed by the Board to distribute them as awarded shares to any selected grantee(s) in accordance with the terms of the scheme.

In addition to the above announcements of the Company, the Board notes that, since the Company completed the acquisition of the three domestic high-end ladies-wear brands, the Company has become a leading enterprise in the field of high-end ladies-wear, attracting investors to continuously pay attention to the Company's investment value. The Company has formulated and implemented an investor relations plan, including holding existing Shareholders meetings, investor conference calls and roadshows, increasing international banks/brokers covering the Company's securities, managing relationships, raising the Company's profile amongst the investment and financial community, agencies and institutional analysts and enhancing the Company's communication with public and potential investors through the corporate open day so as to increase its presence in the market, etc. The Board considers that this contributed to the broadening of the Company's shareholding base, and the shareholding structure of the Company has been diversified, instead of being highly concentrated, as compared to that as at 8 June 2016.

Liquidity of the Shares

The Board of the Company observes that there was a significant increase in the trading volume of Shares during the period from completing the acquisition of Keen Reach on 3 July 2019 and up to 29 April 2020.



Source: The closing trend of the Shares of the Company on the Main Board of the Stock Exchange and the Hang Seng Index from 8 June 2016 to 29 April 2020 (both days inclusive) extracted from Wind.

The Board notes that since the date of the SFC Announcement, the average daily trading volume of the Shares increased from approximately 180,442 Shares for the period from 8 June 2016 (i.e. the day before the date of the SFC Announcement) to 3 July 2019 (i.e. the date upon completing the acquisition of Keen Reach), to approximately 799,460 Shares (amounting to 0.38% of the Company's total issued share capital after deducting Shares not counted towards the public float under the Listing Rules) for the period from 4 July 2019 to 29 April 2020.

The Board considers that the increase in the average daily trading volume of the Shares over the period was supported by the diversified Shareholders profile and the improved fundamental and key performance indicators of the Company.

CONCLUSION

Reference is made to the announcement of the Company dated 2 December 2019 in relation to the adoption of the share award scheme, which aims to recognize the contributions by certain grantees and to provide them with incentives. As disclosed in the share award scheme, the scheme limit is the 10% of the issued share capital of the Company as at the adoption date. As disclosed in the announcement of the Company dated 20 May 2020, the Board has resolved to grant an aggregate of 40,973,000 awarded shares in five equal tranches annually, with the first tranche totalling 8,058,200 awarded shares having been vested on 15 May 2020, further enlarging the Shareholders bases of the Company.

In light of the above, the Company is of the view that the concern over the shareholding concentration as mentioned in the SFC Announcement has been substantially resolved and the high shareholding concentration of the Company as at 8 June 2016 as stated in the SFC Announcement should not be used as a basis for evaluating the current status of the shareholding structure of the Company.

The Board is satisfied that, based on the results of the Inquiries, (i) the shareholding concentration of the Company as at 8 June 2016 as stated in the SFC Announcement no longer exists as at 29 April 2020; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders.

The Board believes that the Company has complied with all the conditions for a high shareholding concentration company to regain eligibility for inclusion in the Hang Seng Family of Indexes and is taking steps to seek index re-inclusion as soon as possible.

By order of the Board
EEKA Fashion Holdings Limited
Jin Ming
Chairman

Hong Kong, 21 May 2020

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