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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**SUMMARY**

- Our revenue increased from RMB2,895.98 million for the six months ended 30 June 2022 to RMB3,340.90 million for the six months ended 30 June 2023, representing an increase of 15.36% or RMB444.92 million.
- Net profit for the six months ended 30 June 2023 was RMB442.20 million, representing an increase of 71.57% or RMB184.46 million as compared to RMB257.74 million for the six months ended 30 June 2022.
- Net cash inflow from operating activities was RMB914.61 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB980.82 million).
- Basic earnings per share for the six months ended 30 June 2023 was RMB0.66 (six months ended 30 June 2022: RMB0.39).
- No interim dividend was proposed by the Board for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The board of directors (the “Board”) of EEKA Fashion Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2023 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2022. These unaudited interim financial statements have been reviewed by the audit committee of the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 (Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Revenue</b>	5	<b>3,340,896</b>	2,895,977
Cost of sales		<b>(826,611)</b>	(728,510)
<b>Gross profit</b>		<b>2,514,285</b>	2,167,467
Other income and gains	6	<b>105,947</b>	69,594
Other net loss		<b>(8,919)</b>	(13,824)
Selling and distribution expenses		<b>(1,792,031)</b>	(1,642,929)
Administrative and other operating expenses		<b>(289,902)</b>	(259,598)
Finance costs		<b>(23,370)</b>	(26,956)
<b>Profit before tax</b>	7	<b>506,010</b>	293,754
Income tax expense	8	<b>(63,811)</b>	(36,012)
<b>Profit for the period</b>		<b>442,199</b>	257,742
<b>Attributable to:</b>			
Owners of the parent		<b>445,227</b>	260,552
Non-controlling interests		<b>(3,028)</b>	(2,810)
<b>Profit for the period</b>		<b>442,199</b>	257,742
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic	9(a)	<b>RMB65.9 cents</b>	RMB38.5 cents
Diluted	9(b)	<b>RMB64.8 cents</b>	RMB37.8 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023 (Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Profit for the period</b>	<b>442,199</b>	257,742
<b>Other comprehensive income</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	<b>(31,073)</b>	4,515
Net other comprehensive (loss)/income that may be reclassified to profit and loss in subsequent periods	<b>(31,073)</b>	4,515
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
– Equity investments designed at fair value through other comprehensive income:		
Changes in fair value	<b>6,061</b>	(4,635)
Income tax effect	<b>(909)</b>	695
Net other comprehensive income/(loss) that will not be reclassified to profit and loss in subsequent periods	<b>5,152</b>	(3,940)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(25,921)</b>	575
<b>Total comprehensive income for the period</b>	<b>416,278</b>	258,317
<b>Attributable to:</b>		
Owners of the parent	<b>419,306</b>	261,127
Non-controlling interests	<b>(3,028)</b>	(2,810)
	<b>416,278</b>	258,317

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2023 (Expressed in Renminbi)*

		At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		654,841	684,454
Right-of-use assets		797,035	817,197
Goodwill		1,253,540	1,253,540
Other intangible assets		619,917	618,922
Investments in associates		1,800	1,200
Prepayments, other receivables and other assets	11	44,634	45,223
Equity investments designated at fair value through other comprehensive income		31,883	25,822
Financial assets at fair value and through profit and loss		61,165	59,674
Time deposits		–	53,330
Deferred tax assets		66,911	63,771
		<hr/>	<hr/>
Total non-current assets		3,531,726	3,623,133
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		909,887	1,023,962
Trade and bills receivables	10	574,469	472,233
Prepayments, other receivables and other assets	11	181,552	167,351
Financial assets at fair value through profit or loss		767,176	427,376
Time deposits		105,307	182,165
Cash and cash equivalents		392,715	361,463
		<hr/>	<hr/>
Total current assets		2,931,106	2,634,550
		<hr/>	<hr/>
<b>Current liabilities</b>			
Interest-bearing bank borrowings		444,490	390,149
Trade and bills payables	12	423,065	464,238
Other payables and accruals	13	381,954	328,586
Lease liabilities		420,959	377,543
Tax payable		116,381	88,360
		<hr/>	<hr/>
Total current liabilities		1,786,849	1,648,876
		<hr/>	<hr/>
Net current assets		1,144,257	985,674
		<hr/>	<hr/>
Total assets less current liabilities		4,675,983	4,608,807
		<hr/>	<hr/>

	At <b>30 June 2023 (Unaudited) RMB'000</b>	At 31 December 2022 (Audited) RMB'000
<b>Non-current liabilities</b>		
Interest-bearing bank borrowings	–	40,199
Lease liabilities	<b>333,275</b>	379,956
Deferred government grants	<b>22,173</b>	31,676
Deferred tax liabilities	<b>151,704</b>	166,476
Other long-term liabilities	<b>3,000</b>	3,000
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>510,152</b>	621,307
	<hr/>	<hr/>
<b>Net assets</b>	<b>4,165,831</b>	3,987,500
	<hr/>	<hr/>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>5,766</b>	5,766
Reserves	<b>4,173,042</b>	3,991,683
	<hr/>	<hr/>
	<b>4,178,808</b>	3,997,449
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>(12,977)</b>	(9,949)
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<b>Total equity</b>	<b>4,165,831</b>	3,987,500
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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

### 1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 23 March 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Suite 812, 8th Floor, Tower 1, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

### 2 BASIS OF PREPARATION

This interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 August 2023.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

### 3 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised International Financial Reporting Standards (“IFRSs”) or amendments to IFRS which would take effect from financial periods beginning on or after 1 January 2023:

IFRS 17	<i>Insurance contracts</i>
Amendments to IAS 8	<i>Accounting policies, changes in accounting estimates and errors:</i> <i>– Definition of accounting estimates</i>
Amendments to IAS 12	<i>Income taxes: Deferred tax related to assets and liabilities arising</i> <i>– from a single transaction</i>
Annual Improvements to IAS 12	<i>Income taxes: International tax reform – Pillar Two model rules</i>
Annual Improvements to IAS 12	<i>Income taxes: Deferred tax related to assets and liabilities</i> <i>arising from a single transaction</i>

The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

#### 4 SEGMENT REPORTING

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and similar in respect of the nature of products and services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, i.e. retailing and wholesaling of ladies' wear in the PRC. Accordingly, no segmental analysis is presented.

#### 5 REVENUE

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Self-operated retail stores	2,722,989	2,279,809
Wholesales to distributors	142,813	162,225
E-commerce platforms	463,715	443,399
Others	11,379	10,544
	<u>3,340,896</u>	<u>2,895,977</u>

#### 6 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	1,746	736
Subsidy income ( <i>note</i> )	43,076	48,118
Other interest income from financial assets at fair value through profit or loss	12,704	9,588
Rental income	5,575	6,073
Exchange gain, net	34,665	920
Others	8,181	4,159
	<u>105,947</u>	<u>69,594</u>

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

## 7 PROFIT BEFORE TAX

Profit before tax is arrived at after charging or (crediting):

	Six months ended 30 June	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories sold	<b>826,611</b>	728,510
Depreciation of property, plant and equipment	<b>66,354</b>	77,167
Depreciation of right-of-use assets	<b>404,371</b>	390,486
Amortisation of other intangible assets	<b>3,770</b>	3,659
Lease payments not included in the measurement of lease liabilities	<b>356,452</b>	319,045
Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>653,841</b>	555,134
Equity-settled share award expense	<b>11,165</b>	20,706
Pension scheme contributions	<b>38,773</b>	36,636
	<b>703,779</b>	612,476
Exchange gains, net <sup>#</sup>	<b>(34,665)</b>	(920)
Impairment of trade receivables <sup>^</sup>	<b>5,425</b>	1,657
(Reversal)/write-down of inventories to net realisable value <sup>*</sup>	<b>(1,988)</b>	4,704

<sup>#</sup> Exchange gains are included in "Other income and gains" in the consolidated statement of profit or loss.

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

<sup>^</sup> Impairment of trade receivables are included in "Other net loss" in the consolidated statement of profit or loss.

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax (“CIT”)	81,723	47,739
<b>Deferred tax</b>		
Origination of temporary differences	(17,912)	(11,727)
	<u>63,811</u>	<u>36,012</u>

### Notes:

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- (ii) The Company incorporated in the Cayman Islands is exempted from taxation.
- (iii) The profit tax in Hong Kong has been provided at the rate of 16.5% on the taxable income for the six months ended 30 June 2023 and 2022. The reduction granted by the Hong Kong Special Administrative Region Government of 100% of the tax payable for the year of assessment 2022-23 is subject to a maximum of HK\$6,000 for each company.
- (iv) Dongfang Susu Creativity and Design (Shenzhen) Co, Ltd. and Jianmo Idea Design Consulting (Shenzhen) Co., Ltd were entitled to a reduced CIT rate of 15% under the preferential tax policy of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.
- (v) 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.
- (vi) Shenzhen Naersi Fashion Co., Ltd. (“Naersi”) obtained an approval from Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2020 to be taxed as a High and New-Technology Enterprise. Pursuant to the approval, Naersi was entitled to a preferential PRC CIT rate of 15% for a period of three years from 2020 to 2023.
- (vii) Shenzhen De Kora Technology Development Limited was a certified Software Enterprise by China Software Industry Association, and was entitled to an exemption from PRC CIT for two years commencing from 1 January 2020 to 31 December 2021 and thereafter was entitled to a 50% reduction in PRC CIT for the subsequent three years from 1 January 2022 to 31 December 2024.

## 9 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB445,227,000 (30 June 2022: RMB260,552,000) and the weighted average number of 675,466,314 ordinary shares in issue less shares held for the Share Award Scheme for the six months ended 30 June 2023 (30 June 2022: 676,209,152 shares).

	<b>For the six months ended 30 June 2023</b>	For the six months ended 30 June 2022
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the period	<b>675,466,314</b>	676,209,152
Basic earnings per share (RMB cents)	<u><b>65.9</b></u>	<u>38.5</u>

### (b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the profits for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares is assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	<b>For the six months ended 30 June 2023</b>	For the six months ended 30 June 2022
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the period used in the basic earnings per share calculation	<b>675,466,314</b>	676,209,152
Effect of dilution – weighted average number of ordinary shares:		
Share option	–	4,020,749
Awarded shares	<b>11,865,130</b>	9,434,489
	<u><b>687,331,444</b></u>	<u>689,664,390</u>
Diluted earnings per share (RMB cents)	<u><b>64.8</b></u>	<u>37.8</u>

## 10 TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Trade and bills receivables	597,129	489,468
Impairment	<b>(22,660)</b>	(17,235)
	<b>574,469</b>	472,233

### (a) Ageing analysis

Majority of the trade receivables are related to sales made through the Group's self-operated stores. The Group leased a number of retail stores within department stores and shopping malls in the Mainland China. Proceeds from the Group's sales made in these leased retail stores are mainly collected by the department stores and the shopping malls on the Group's behalf. Following the completion of the reconciliation of the sales in the past month with the department store and shopping mall, the Group then issues invoices, which generally fall within 30 days from the date of revenue recognition. Settlement in respect of these concession sales is made net of the lease rental payable to the department stores and the shopping malls and is generally expected within 60 days from the date of revenue recognition.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Trade receivables		
Within 1 month	336,948	208,942
1 to 2 months	152,050	138,582
2 to 3 months	40,263	72,453
Over 3 months	45,158	52,100
	<b>574,419</b>	472,077
Bill receivables	50	156
	<b>574,469</b>	472,233

As at 30 June 2023, the allowance for credit losses is related to individually impaired receivables amounting to RMB22,660,000 (31 December 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 RMB22,660,000 (31 December 2022: RMB17,235,000) has been recognised in respect of such receivables.

As at 30 June 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 Mainland China with no recent history of material defaults, the probability of default and the loss given defaults were estimated to be minimal.

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

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
At beginning of period/year	17,235	16,146
Impairment losses, net	<u>5,425</u>	<u>1,089</u>
At end of period/year	<u><b>22,660</b></u>	<u>17,235</u>

## 11 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
<b>Current</b>		
Prepayments	87,275	73,579
Deposits and other receivables	90,719	91,178
Right-of-return-assets	3,141	2,018
Loans to employees	<u>417</u>	<u>576</u>
	<u><b>181,552</b></u>	<u>167,351</u>
<b>Non-current</b>		
Prepayments	4,889	4,888
Deposit and other receivables	36,750	36,763
Loans to employees	<u>2,995</u>	<u>3,572</u>
	<u><b>44,634</b></u>	<u>45,223</u>

*Note:*

Deposits and other receivables mainly represent deposits paid for promotion activity, deposits paid to the department stores and shopping malls for leases and loans to employees.

The expected credit losses are estimated with reference to the historical loss record of the Group. The financial assets included in the above balances that were not individually impaired relate to receivables for which there was no recent history of default.

## 12 TRADE AND BILLS PAYABLES

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade payables		
Within 1 month	152,481	131,130
1 to 2 months	10,026	4,324
2 to 3 months	1	8
Over 3 months	57	776
	<u>162,565</u>	<u>136,238</u>
Bills payables	260,500	328,000
	<u>423,065</u>	<u>464,238</u>

The trade payables are non-interest-bearing and are normally settled on terms of one month. All the bills payable have maturity dates within a year.

## 13 OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	<i>Note</i>	
Contract liabilities	(a) 69,008	64,020
Refund liabilities	9,423	6,080
Salaries and welfare payables	82,226	68,254
Tax payables other than current income tax liabilities	107,133	82,805
Other payables	(b) 113,504	106,969
Dividend payables	660	458
	<u>381,954</u>	<u>328,586</u>

*Note:*

(a) Details of contract liabilities are as follow:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Short-term advances received from customers		
Sales of goods	<u>69,008</u>	<u>64,020</u>

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

## 14 DIVIDEND

The Board has resolved not to declare any interim dividend to the shareholders of the Company in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of the year, China's GDP growth rate was 5.5%, with a total retail sales of consumer goods reaching RMB22,758.8 billion, representing a year-on-year increase of 8.2%. In particular, the clothing, footwear, and textile categories saw a significant growth of 12.8% compared to the previous year. However, at the same time, private investment and exports experienced a rapid decline. China's economy and society are displaying increasingly evident developmental characteristics, with the era of stock-based competition accelerating.

Leveraging its strong systemic capabilities and unwavering focus on methodology, the Company has successfully advanced various reforms, initiating five major upgrades. In the first half of the year, the Company achieved operating results that far surpassed its peers, with a new record-high revenue and net profit.

During the Reporting Period, the Group's revenue reached RMB3,340.90 million, representing an increase of 15.36% with a net profit of RMB442.20 million, representing a sharp increase of 71.57% compared with the first half of 2022. The three main brands Koradior, NAERSI and NEXY.CO returned to high-quality growth, with each achieved growth rate of 11.14%, 8.91% and 24.71% respectively; CADIDL, ELSEWHERE, La Koradior, and NAERSILING have continued their strong growth momentum from 2022, achieving positive growth rates of 17.67%, 16.62%, 30.04% and 22.76% respectively; FUUNNY FEELLN has experienced a 18.09% year-on-year growth, with accelerated adjustments and upgrades in channel layout and product iteration. The Company continues to promote the rapid implementation of an excellent product system, accelerating comprehensive product upgrades and unleashing the dividends of product reform.

Revenue from self-operated retail stores reached RMB2,722.99 million in the Reporting Period, representing a year-on-year increase of 19.44% due to iterative operational system improvements, strengthened establishment of know-how in shopping center operations, and expanded and optimized store locations to create super flagship stores. As at 30 June 2023, the Group had 1,980 retail stores of which 1,543 were operated by the Group and 437 were operated by our distributors.

Revenue from e-commerce platforms reached RMB463.72 million in the Reporting Period, representing a year-on-year increase of 4.58% due to improved efficiency of product output, increased proportion of new product sales online, expanded member sales, improved member repurchase rates, enhanced efficiency of live streaming, and the achievement of a 50% growth in live streaming penetration rate.

The Company adheres to the long-term strategy of "multi-brand, omni-channel, comprehensive platform, merging upstream and downstream", and constantly iterates the core management system, optimizes the platform operation and management capabilities and consolidates the core competitive advantage to make impressive achievements regarding quantities of brands and the quality improvement of supply chains.

On 5 January 2023, the 2022 (6th Edition) Boao Enterprise Forum and China Brand Boao Summit were grandly held in Sanya, Hainan. During the awards ceremony, Koradior, a brand under the Group, was honored with the title of “2022 Fashion Exemplary Brand,” while La Koradior received the title of “2022 Top 10 Influential Brands.” These prestigious accolades were presented at the ceremony, recognizing the remarkable achievements and influence of both brands in the fashion industry during 2022. In February 2023, the Group was awarded “2022 China’s Best Learning Enterprise” in the “2022 (10th Edition) China’s Best Learning Enterprise” selection organized by Xu Daojia Academy which emphasizes unique learning methodology to demonstrate effective practical exploration in learning, focusing on strategic innovation and transformation. The Company has established a three-pillar talent development framework: Leadership System, Excellent Product Power System, and Sales Power System to explore and establish a talent development model that aligns with the Company’s unique needs and requirements.

The Group actively assumed corporate social responsibility such as the collaboration of ELSEWHERE and “New Paradise” magazine launched an online art exhibition that brought together three marine artists to explore ocean conservation through art on World Oceans Day to raise awareness about the importance of protecting our oceans, highlighting the potential for sustainable fashion to contribute to ocean conservation efforts.

Overall, the Group believes that with the global COVID-19 pandemic having been brought under control, and the Company’s comprehensive upgrade strategy has begun to show positive operational results, the Company has transformed from being a “leading company in China’s mid-to-high-end women’s clothing industry” to a magnificent rise as a more powerful and confident “China’s affordable luxury brand management group”.

## FINANCIAL REVIEW

### REVENUE

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded womenswear products in the PRC. Revenue represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB2,895.98 million for the first half of 2022 to RMB3,340.90 million for the Reporting Period, representing an increase of 15.36% or RMB444.92 million. Total number of retail stores decreased from 2,006 as at 1 January 2023 to 1,980 as at 30 June 2023\*. The revenue from the self-operated retail stores increased by 19.44% from RMB2,279.81 million for the first half of 2022 to RMB2,722.99 million for the Reporting Period. Total revenue from distributors decreased by 11.97% from RMB162.23 million for the first half of 2022 to RMB142.81 million for the Reporting Period. Total revenue from e-commerce platforms increased by 4.58% from RMB443.40 million for the first half of 2022 to RMB463.72 million for the Reporting Period in which: (i) the revenue from e-commerce generated from Tmall increased from RMB106.91 million for the first half of 2022 to RMB115.29 million for the Reporting Period, representing an increase of 7.84% or RMB8.38 million; (ii) the revenue from e-commerce generated from VIP.com increased from RMB196.12 million for the first half of 2022 to RMB208.79 million for the Reporting Period, representing an increase of 6.46% or RMB12.67 million; (iii) the revenue from e-commerce generated from EEKA Fashion Mall decreased from RMB80.46 million for the first half of 2022 to RMB36.70 million for the Reporting Period, representing a decrease of 54.39% or RMB43.76 million; and (iv) the revenue from e-commerce generated from Douyin increased from RMB58.51 million for the first half of 2022 to RMB97.48 million for the Reporting Period, representing an increase of 66.60% or RMB38.97 million. The increase in revenue for the Reporting Period is primarily attributable to the global COVID-19 pandemic having been brought under control, and the Company's comprehensive upgrade strategy has begun to show positive operational results.

\* The following table shows a breakdown of retail stores of our brands in the PRC as at 1 January 2023 and 30 June 2023 respectively including both self-operated retail stores and retail stores operated by our distributors by geographical region and brand:

Region	As at 1 January 2023	Number of retail stores		As at 30 June 2023
		Opened during the Reporting Period	Closed during the Reporting Period	
Central PRC <sup>1</sup>	210	11	(12)	209
Eastern PRC <sup>2</sup>	651	24	(40)	635
North Eastern PRC <sup>3</sup>	132	4	(4)	132
North Western PRC <sup>4</sup>	219	15	(14)	220
Northern PRC <sup>5</sup>	235	6	(6)	235
South Western PRC <sup>6</sup>	330	7	(12)	325
Southern PRC <sup>7</sup>	229	3	(8)	224
Total	2,006	70	(96)	1,980

*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 and Guangdong.

<b>Brand</b>	<b>Number of retail stores</b>	
	<b>As at 1 January 2023</b>	<b>As at 30 June 2023</b>
Koradior	738	726
La Koradior	43	44
ELSEWHERE	187	182
CADIDL	151	158
FUUNNY FEELLN	111	104
NAERSI	478	460
NAERSILING	97	95
NEXY.CO	201	211
<b>Total</b>	<b>2,006</b>	<b>1,980</b>

### Revenue analysis by brands

	<b>For the six months ended 30 June</b>					
	<b>2023</b>		<b>2022</b>		<b>Increase</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Koradior	1,126,736	33.73%	1,013,756	35.01%	112,980	11.14%
La Koradior	217,049	6.50%	166,908	5.76%	50,141	30.04%
ELSEWHERE	273,118	8.17%	234,191	8.09%	38,927	16.62%
CADIDL	215,497	6.45%	183,134	6.32%	32,363	17.67%
FUUNNY FEELLN	71,996	2.15%	60,967	2.11%	11,029	18.09%
NAERSI	704,565	21.09%	646,901	22.34%	57,664	8.91%
NAERSILING	252,221	7.55%	205,462	7.09%	46,759	22.76%
NEXY.CO	479,714	14.36%	384,658	13.28%	95,056	24.71%
<b>Total</b>	<b>3,340,896</b>	<b>100%</b>	<b>2,895,977</b>	<b>100%</b>	<b>444,919</b>	<b>15.36%</b>

The revenue generated from the sales of products under the main brands Koradior and NAERSI showed an increase of 11.14% and 8.91% or RMB112.98 million and RMB57.66 million for the Reporting Period respectively. La Koradior, NAERSILING and NEXY.CO brands' performance is outstanding, with the revenue generated from sales of products increased to RMB217.05 million, RMB252.22 million and RMB479.71 million, representing an increase of 30.04%, 22.76% and 24.71% as compared to the first half of 2022 respectively. The revenue generated from sales of products of ELSEWHERE, CADIDL and FUUNNY FEELLN increased to RMB273.12 million, RMB215.50 million and RMB72.00 million respectively, representing an increase of 16.62%, 17.67% and 18.09% respectively as compared to the first half of 2022.

## **COST OF SALES**

Cost of sales increased from RMB728.51 million for the six months ended 30 June 2022 to RMB826.61 million for the Reporting Period, representing an increase of 13.47% or RMB98.10 million, primarily due to the increase in the cost of inventories sold as a result of the increase of the Group's revenue.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

Gross profit increased from RMB2,167.47 million for the six months ended 30 June 2022 to RMB2,514.29 million for the Reporting Period, representing an increase of 16.00% or RMB346.82 million. Overall gross profit margin slightly increased from 74.84% for the first half of 2022 to 75.26% for the Reporting Period.

## **OPERATING EXPENSES**

Operating expenses increased from RMB1,902.53 million for the six months ended 30 June 2022 to RMB2,081.93 million for the Reporting Period, representing an increase of 9.43% or RMB179.40 million. Operating expenses include selling and distribution expenses, administrative and other operating expenses, and details of them are listed below:

### **Selling and distribution expenses**

Selling and distribution expenses increased by 9.08% to RMB1,792.03 million for the Reporting Period from RMB1,642.93 million for the six months ended 30 June 2022, primarily due to the increase in (a) salaries and staff benefits and (b) the store concession fees as a result of increase in sales.

### **Administrative and other operating expenses**

Administrative and other operating expenses increased by 11.67% to RMB289.90 million for the Reporting Period from RMB259.60 million for the corresponding period in 2022 primarily due to the increase in (a) salaries and benefits and (b) the research and development fee expenses for all brands to improve products design.

## **FINANCE COSTS**

Finance costs decreased by 13.32% to RMB23.37 million for the Reporting Period from RMB26.96 million for the corresponding period in 2022, mainly due to the fading effect of the International Financial Reporting Standard 16.

## **INCOME TAX EXPENSES**

Income tax expenses increased from RMB36.01 million for the first half of 2022 to RMB63.81 million for the Reporting Period mainly due to the increase in operating profit.

## **THE NET PROFIT AND NET PROFIT MARGIN**

As the result of the foregoing reasons, the net profit for the Reporting Period was RMB442.20 million, representing an increase of 71.57% or RMB184.46 million as compared to RMB257.74 million for the first half of 2022. Net profit margin sharply increased from 8.90% for the first half of 2022 to 13.24% for the Reporting Period.

## **CAPITAL STRUCTURE**

The Group requires working capital to support its design and development, retail and other business operations. As at 30 June 2023, the Group had total current assets of RMB2,931.11 million (31 December 2022: RMB2,634.55 million) and total current liabilities of RMB1,786.85 million (31 December 2022: RMB1,648.88 million) with a current ratio of 1.64. The Board believes that this healthy capital structure and the net cash inflow from operating activities are sufficient to support the operating activities of the Group.

As at 30 June 2023, the Group's interest bearing bank loans were denominated in Hong Kong dollars and Renminbi, comprising a HK\$45 million term loan repayable within one year, with variable interest rates, and a RMB403 million loan with fixed interest rate, repayable within one year.

## **FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO**

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

As at 30 June 2023, the Group had cash and cash equivalents of RMB392.72 million (31 December 2022: RMB361.46 million), denominated as to 97.89% in RMB, 1.96% in Hong Kong dollar, 0.01% in United States dollar and 0.14% in Euro. The net cash inflow from operating activities generated was RMB914.61 million during the Reporting Period, decreased by 6.75% from RMB980.82 million for the six months ended 30 June 2022. As at 30 June 2023, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 10.67% (31 December 2022: 10.79%).

## **EXPOSURES TO FLUCTUATION IN FOREIGN EXCHANGE**

The Group mainly operates in the PRC with most of its transactions settled in RMB. Hence, the Board considers that the risk exposure to foreign exchange rate fluctuation is not significant and no financial instrument of hedging has been employed to hedge against the currency risks.

## **HUMAN RESOURCES**

The Group's number of employees has increased to 10,137 as at 30 June 2023 (30 June 2022: 10,058). The total staff costs for the Reporting Period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share award expenses) amounted to RMB703.78 million (six months ended 30 June 2022: RMB612.48 million), representing 21.07% of our revenue (six months ended 30 June 2022: 21.15%).

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

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group had no significant contingent liabilities.

## **MATERIAL ACQUISITION AND DISPOSAL**

As announced on 28 March 2023, the Company's subsidiaries had subscribed for various wealth management products offered by Minmetals International Trust Co., Ltd (五礦國際信託有限公司) during the 12-month period up to 28 March 2023, the aggregated subscription amounts of which as at 28 March 2023 amounted to approximately RMB327 million (equivalent to about HK\$370 million). Details of the subscriptions are set out in the announcement of the Company dated 28 March 2023.

Save as disclosed above, the Group had no material acquisition or disposal of any subsidiaries, associates or joint ventures during the Reporting Period.

## **SIGNIFICANT INVESTMENT**

As at 30 June 2023, the Group had no significant investment with a value of 5% or more of the Group's total assets.

## **OUTLOOK**

From the perspective of external environment, the uncertainty in the economic environment has not completely disappeared, and we must still be prepared to face unexpected difficulties in the second half of the year. However, the positive effects of proactive fiscal and monetary policies along with the pandemic scars will continue to appear and to be gradually repaired, and the stock game is favorable to the leading enterprises, etc., the Company is more optimistic, believing that the business goals set can be fully achieved.

From the perspective of internal operation, in the second half of the year, we must continue to adhere to the comprehensive “quality improvement” strategy and drive the overall enhancement of quality effectiveness, store effectiveness, and personnel effectiveness. In terms of brand building, a wider integrated marketing system should be utilized to continuously enhance brand strength; acceleration of the standardization and streamlining of the excellent product system reform project should be expedited; the integration and construction of a high-quality supply chain should be strengthened; the combination of product research and development and supply chain should be deepened, and the release of product strength across all brands should be accelerated; emphasis should be placed on advancing the construction and operation of single-brand flagship stores. We will strengthen the quality of online commodity supply and improve the quality-price ratio; more platforms should be covered by the brand and product lines, with exploration of opportunities on platforms like Xiaohongshu (Little Red Book) in the second half of the year, and increase investment in digital stores; increase investment in the same products on Tmall and JD.com, and, expand the number of stores on these platforms.

After three years of the pandemic, the Company has transformed from being a “leading company in China’s mid-to-high-end women’s clothing industry” to a magnificent rise as a more powerful and confident “China’s affordable luxury brand management group.” 2023 will be a new starting point for our even greater prospects as the Company believes that “if you do persist, there will be an echo”. As long as we maintain strategic determination, adhere to brand positioning and core principles, respect rules, customers, products, the market, and talents, and continue to cultivate a solid foundation for multi-brand operations, strengthen platform-based operations and systematic management capabilities, combined with the unwavering efforts of all employees, we can achieve our ambitious future goals.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance practices and the implementation of effective corporate governance commitments. The Company has met the relevant code provisions set out in the Corporate Governance Code based on the principles set out in Part 2 of Appendix 14 to the Listing Rules during the Reporting Period, except for code provision C.2.1 of the Corporate Governance Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Jin Ming currently performs both roles in our Company. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Jin Ming has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of our Directors and the number of independent non-executive Directors on the Board and this structure will enable our Company to make and implement decisions promptly and effectively.

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

#### **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

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

#### **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 Reporting Period.

#### **AUDIT COMMITTEE**

The Audit Committee of the Company, comprising all the three independent non-executive Directors, namely Mr. Zhang Guodong (as Chairman), Mr. Zhou Xiaoyu and Mr. Zhong Ming, is primarily responsible for reviewing and supervising the financial reporting, the internal control and risk management of the Group. The Audit Committee has discussed with management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the Reporting Period.

By Order of the Board  
**EEKA Fashion Holdings Limited**  
**JIN MING**  
*Chairman*

Hong Kong, 25 August 2023

*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.*