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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 2024**

**SUMMARY**

- Our revenue slightly decreased from RMB3,340.90 million for the six months ended 30 June 2023 to RMB3,306.37 million for the six months ended 30 June 2024, representing a decrease of 1.03% or RMB34.53 million.
- Net profit for the six months ended 30 June 2024 was RMB282.85 million, representing a decrease of 36.03% or RMB159.35 million as compared to RMB442.20 million for the six months ended 30 June 2023.
- Net cash inflow from operating activities was RMB451.83 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB914.61 million).
- Basic earnings per share for the six months ended 30 June 2024 was RMB0.41 (six months ended 30 June 2023: RMB0.66).
- No interim dividend was proposed by the Board for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2023. 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 2024 (Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	5	<b>3,306,372</b>	3,340,896
Cost of sales		<b>(783,754)</b>	(826,611)
<b>Gross profit</b>		<b>2,522,618</b>	2,514,285
Other income and gains	6	<b>81,734</b>	105,947
Other net loss		<b>(70)</b>	(8,919)
Selling and distribution expenses		<b>(1,902,954)</b>	(1,792,031)
Administrative and other operating expenses		<b>(369,470)</b>	(289,902)
Finance costs		<b>(27,469)</b>	(23,370)
<b>Profit before tax</b>	7	<b>304,389</b>	506,010
Income tax expense	8	<b>(21,536)</b>	(63,811)
<b>Profit for the period</b>		<b>282,853</b>	442,199
<b>Attributable to:</b>			
Owners of the parent		<b>278,662</b>	445,227
Non-controlling interests		<b>4,191</b>	(3,028)
<b>Profit for the period</b>		<b>282,853</b>	442,199
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic	9(a)	<b>RMB40.5 cents</b>	RMB65.9 cents
Diluted	9(b)	<b>RMB40.5 cents</b>	RMB64.8 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***for the six months ended 30 June 2024 (Expressed in Renminbi)*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<u>282,853</u>	<u>442,199</u>
<b>Other comprehensive income</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	<u>(11,954)</u>	<u>(31,073)</u>
Net other comprehensive loss that may be reclassified to profit and loss in subsequent periods	<u>(11,954)</u>	<u>(31,073)</u>
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	–	6,061
Income tax effect	–	(909)
Net other comprehensive income that will not be reclassified to profit and loss in subsequent periods	<u>–</u>	<u>5,152</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(11,954)</u>	<u>(25,921)</u>
<b>Total comprehensive income for the period</b>	<u><u>270,899</u></u>	<u><u>416,278</u></u>
<b>Attributable to:</b>		
Owners of the parent	<u>266,708</u>	419,306
Non-controlling interests	<u>4,191</u>	<u>(3,028)</u>
	<u><u>270,899</u></u>	<u><u>416,278</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2024 (Expressed in Renminbi)*

		At 30 June 2024 (Unaudited) <i>RMB'000</i>	At 31 December 2023 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		641,578	661,486
Right-of-use assets		751,031	766,589
Goodwill		1,253,540	1,253,540
Other intangible assets		613,671	615,894
Investments in associates		2,100	1,800
Prepayments, other receivables and other assets	11	30,931	31,501
Financial assets at fair value and through profit and loss		77,612	80,655
Deferred tax assets		54,494	68,679
		<hr/>	<hr/>
Total non-current assets		3,424,957	3,480,144
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		1,273,691	1,152,505
Trade and bills receivables	10	577,927	717,449
Prepayments, other receivables and other assets	11	234,112	208,688
Financial assets at fair value through profit or loss		712,877	909,633
Time deposits		–	120,625
Cash and cash equivalents		357,575	440,756
		<hr/>	<hr/>
Total current assets		3,156,182	3,549,656
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and bills payables	12	190,846	411,505
Other payables and accruals	13	366,959	443,947
Interest-bearing bank borrowings		634,000	513,779
Lease liabilities		405,525	470,115
Tax payable		63,220	149,927
		<hr/>	<hr/>
Total current liabilities		1,660,550	1,989,273
		<hr/>	<hr/>
Net current assets		1,495,632	1,560,383
		<hr/>	<hr/>
Total assets less current liabilities		4,920,589	5,040,527
		<hr/>	<hr/>

	At <b>30 June 2024</b> (Unaudited) <i>RMB'000</i>	At 31 December 2023 (Audited) <i>RMB'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	345,095	282,197
Deferred government grants	3,168	12,671
Deferred tax liabilities	150,542	181,239
Other long-term liabilities	3,000	3,000
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>501,805</b>	479,107
	<hr/>	<hr/>
<b>Net assets</b>	<b>4,418,784</b>	4,561,420
	<hr/>	<hr/>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	5,766	5,766
Reserves	4,424,314	4,571,141
	<hr/>	<hr/>
	<b>4,430,080</b>	4,576,907
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>(11,296)</b>	(15,487)
	<hr/>	<hr/>
<b>Total equity</b>	<b>4,418,784</b>	4,561,420
	<hr/>	<hr/>

## 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 15 August 2024.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2024:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Self-operated retail stores	2,633,960	2,734,368
Wholesales to distributors	126,069	142,813
E-commerce platforms	546,343	463,715
	<u>3,306,372</u>	<u>3,340,896</u>

#### 6 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	3,340	1,746
Subsidy income ( <i>note</i> )	37,673	43,076
Other interest income from financial assets at fair value through profit or loss	14,102	12,704
Rental income	6,641	5,575
Exchange gain, net	9,469	34,665
Others	10,509	8,181
	<u>81,734</u>	<u>105,947</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):

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of inventories sold	<b>783,754</b>	826,611
Depreciation of property, plant and equipment	<b>75,712</b>	66,354
Depreciation of right-of-use assets	<b>439,738</b>	404,371
Amortisation of other intangible assets	<b>4,056</b>	3,770
Advertising and promotion expenses	<b>121,554</b>	84,335
Research and development costs**	<b>103,430</b>	84,856
Lease payments not included in the measurement of lease liabilities	<b>311,025</b>	356,452
Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>662,752</b>	653,841
Equity-settled share award expense	<b>99,481</b>	11,165
Pension scheme contributions	<b>43,713</b>	38,773
	<b>805,946</b>	703,779
Exchange gains, net#	<b>(9,469)</b>	(34,665)
(Reversal of)/impairment of trade receivables^	<b>(155)</b>	5,425
Reversal of inventories to net realisable value*	<b>(6,596)</b>	(1,988)

\*\* Research and development costs are included in "Administrative and other operating expenses" in the consolidated statement of profit and loss.

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

\* Reversal of inventories to net realisable value are included in "Cost of sales" in the consolidated statement of profit or loss.

^ (Reversal of)/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	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax (“CIT”)	38,048	81,723
<b>Deferred tax</b>		
Origination of temporary differences	(16,512)	(17,912)
	<u>21,536</u>	<u>63,811</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 2024 and 2023. The reduction granted by the Hong Kong Special Administrative Region Government of 100% of the tax payable for the year of assessment 2023-24 is subject to a maximum of HK\$3,000 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, and the approval was renewed in 2023. Pursuant to the approval, Naersi was entitled to a preferential PRC CIT rate of 15% for a period of three years from October 2023 to October 2026.
- (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 RMB278,662,000 (30 June 2023: RMB445,227,000) and the weighted average number of 687,889,680 ordinary shares in issue less shares held for the share award schemes for the six months ended 30 June 2024 (30 June 2023: 675,466,314 shares).

	<b>For the six months ended 30 June 2024</b>	For the six months ended 30 June 2023
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period	<b>687,889,680</b>	675,466,314
Basic earnings per share (RMB cents)	<b><u>40.5</u></b>	<u>65.9</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 2024</b>	For the six months ended 30 June 2023
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period used in the basic earnings per share calculation	<b>687,889,680</b>	675,466,314
Effect of dilution – weighted average number of ordinary shares:		
Awarded shares	<u>–</u>	<u>11,865,130</u>
	<b>687,889,680</b>	687,331,444
Diluted earnings per share (RMB cents)	<b><u>40.5</u></b>	<u>64.8</u>

## 10 TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Trade and bills receivables	<b>599,779</b>	739,456
Impairment	<b>(21,852)</b>	(22,007)
	<b><u>577,927</u></b>	<u>717,449</u>

### Ageing analysis

Majority of the trade receivables are related to sales made through the Group's self-operated stores. The Group leased several 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 2024 RMB'000</b>	At 31 December 2023 RMB'000
Trade receivables		
Within 1 month	<b>320,751</b>	447,541
1 to 2 months	<b>155,230</b>	189,455
2 to 3 months	<b>49,242</b>	38,835
Over 3 months	<b>52,704</b>	41,618
	<b><u>577,927</u></b>	<u>717,449</u>

As at 30 June 2024, the allowance for credit losses is related to individually impaired receivables amounting to RMB21,852,000 (31 December 2023: RMB22,007,000). 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 RMB21,852,000 (31 December 2023: RMB22,007,000) has been recognised in respect of such receivables.

As at 30 June 2024, 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 2024 RMB'000</b>	At 31 December 2023 RMB'000
At beginning of period/year	22,007	17,235
Impairment (gains)/losses, net	(155)	4,772
	<u>21,852</u>	<u>22,007</u>

## 11 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>Current</b>		
Prepayments	136,600	110,868
Deposits and other receivables	95,819	95,566
Right-of-return-assets	1,311	2,043
Loans to employees	382	211
	<u>234,112</u>	<u>208,688</u>
<b>Non-current</b>		
Deposit and other receivables	29,526	29,504
Loans to employees	1,405	1,997
	<u>30,931</u>	<u>31,501</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 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables		
Within 1 month	145,770	172,432
1 to 2 months	23	2
2 to 3 months	–	–
Over 3 months	53	71
	<u>145,846</u>	<u>172,505</u>
Bills payables	45,000	239,000
	<u>190,846</u>	<u>411,505</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 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Contract liabilities	60,076	77,028
Refund liabilities	4,055	6,038
Tax payables other than current income tax liabilities	89,478	120,679
Salaries and welfare payables	74,089	124,457
Other payables	138,468	115,280
Dividend payables	793	465
	<u>366,959</u>	<u>443,947</u>

Note:

(a) Details of contract liabilities are as follow:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Short-term advances received from customers		
Sales of goods	60,076	77,028

(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 2024 (six months ended 30 June 2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

In the first half of the year, China's economy faced increasing downward pressure, with low market confidence, insufficient consumer demand, and enterprises generally encountering challenges and difficulties akin to those of the past three years plagued by the pandemic. China's GDP grew by 5.0% year-on-year in the first half of the year, with a 4.7% year-on-year growth in the second quarter, slowing down by 0.8 percentage points compared to the first quarter. In the first half of the year, total social retail sales increased by 3.7% year-on-year, with retail sales of clothing, shoes, and textiles growing by only 1.3% year-on-year. In June, total social retail sales increased by 2.0% year-on-year, marking the lowest year-on-year growth rate for that month in nearly 10 years (excluding 2020-2022), with retail sales of clothing, shoes, and textiles declining by 1.9% year-on-year and imports showing negative growth. In the high-end consumer sector, in the first quarter, the performance of major luxury brand groups in the Chinese market generally saw negative year-on-year growth, with many experiencing declines of over 10%, and some luxury brand groups saw a widening decline in performance in the second quarter compared to the first quarter.

Facing economic downward pressure, the Chinese government continued to intensify loose fiscal and monetary policies in the first half of the year, significantly loosened real estate control policies to boost market confidence and stimulate consumer demand. Starting this year, the Ministry of Finance plans to issue ultra-long-term special government bonds for several consecutive years, with an initial issuance in the amount of RMB1 trillion this year, with the first batch of 50-year ultra-long-term special government bonds already on sale since June. In the first half of the year, the central bank implemented two interest rate cuts, with the 5-year LPR rate dropping from 4.2% to 3.95% month-on-month in February, marking the largest single-month decrease in history. At the end of July, during a meeting of the Central Political Bureau, when deploying economic work for the second half of the year, it was emphasized that "macro policies should continue to exert force and be more forceful," supporting the construction of national major strategies and key areas of security capacity, and promoting large-scale equipment updates and the replacement of large durable consumer goods with new ones with greater intensity, which are all essential measures to expand domestic demand.

In the second half of the year, China's economy will continue to face the arduous tasks of boosting market expectations, enhancing market confidence, and releasing effective demand. With the deepening relaxation of control policies, the real estate market is expected to accelerate its clearance and achieve stability; coupled with fiscal, monetary, and consumption stimulus policies being successively implemented, the expected growth in household income and stabilization and recovery of asset prices are likely to strengthen, gradually boosting consumer willingness, and stabilizing the market for high-end women's clothing. During periods of economic decline, competition in the stock market for high-end women's clothing will become more intense, and top companies that adhere to long-term strategies, focus on improving product quality, optimizing product structure, and enhancing brand image, will navigate the cycle to achieve sustainable development.

## **BUSINESS REVIEW**

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 – (v) CADIDL, (vi) NAERSI, (vii) NAERSILING and (viii) 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.

### **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 an aesthetic lifestyle 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 2016, the brand invited Miranda Kerr to be its spokesperson and participated in Milan Fashion Week. At the official show at the Palazzo Reale di Milano, the “Melody of South China” style was presented, 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.

In the first half of 2024, in terms of brand development, Koradior continued its collaboration with Hollywood international superstar Lily Collins to interpret the Koradior-style romance and strengthen integrated brand marketing. The focus in the first half of the year was on the brand's core DNA craftsmanship, the “pearl and diamond craftsmanship,” and the DNA element, the “rose.” They produced the “Rose Gorgeous Workshop” pearl and diamond craftsmanship microfilm to enhance the product's value perception.

Simultaneously, they engaged in storytelling packaging, revolving around the product's multiple promotions both online and offline. Offline, they increased the display of related products in storefronts. Online, they utilized various media for promotion and publicity to further enhance brand influence. In April, they hosted the 417 Brand Day event and new product launch show themed “Kora Rose Wonderland”, reinforcing the brand's imprint. They narrated dress stories through the brand's flower, merging product and sales to convey value.

In offline marketing, they curated experiential activities for core VIPs to bring refined lifestyle experiences. Through collaborations with major fashion media outlets such as “Fashion Bazaar” and “MadameFigaro,” they aimed to elevate the brand’s value and amplify its presence.

Under the reform of the excellent product system, Korador has continued to enhance its product categories, optimizing the golden triangle structure and strengthening inter-category synergy, leading to a significant increase in product repeat purchase rates.

In terms of channel development, Korador has focused on expanding, repositioning, renovating, and opening new stores to increase the average store size. The brand’s identity is prominently displayed throughout the stores, deepening consumer recognition. Additionally, multiple flagship and boutique stores have been opened to promote the upgrade of offline channels. As of 30 June 2024, Korador has established a total of 700 stores in China.

## **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, featuring 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.

In the first half of 2024, NAERSI focused on its products to create a “High Efficiency Wardrobe” thematic approach. This initiative combined fabric craftsmanship, occasion styling, pattern narratives, and other elements to dissect the product’s value. The emphasis was placed on the brand’s signature craftsmanship such as “Exquisite Thread Traces”, “Exquisite Artistic Hemming,” and “Artisanal Stitching”.

Through the “Suit Festival – Elegant Workshop Spring/Summer Haute Couture Fashion Show,” they specially invited renowned actress Huang Yi to shoot promotional films, ID videos, and lead the runway shows. By leveraging thematic series like “The Beginning of Elegance,” themed exhibitions, store intangible cultural heritage appreciation events, media promotions, cross-brand collaborations, and magazine partnerships, they achieved an overall exposure of nearly 100 million impressions. This comprehensive approach aimed to further capture consumers’ minds regarding the product, brand DNA, and brand stories.



In terms of channel expansion, NAERSI has been actively enhancing its offline retail presence by upgrading store images and designs, increasing store sizes, and introducing flagship and boutique stores. This strategy resulted in a net increase in the number of company-owned stores in the first half of 2024. They have also launched various offline activities such as roadshows, themed pop-up stores, and interactive promotions to engage consumers in different settings. This holistic approach aims to elevate the overall consumer experience, deepen consumer awareness of the brand's style and philosophy, and drive sales growth through offline channels. As of 30 June 2024, NAERSI has a total of 455 stores operating in China.

## **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 an 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.

In the first half of 2024, La Koradior actively worked towards enhancing its brand strength and shaping a brand image of affordable luxury. During Paris Fashion Week, they presented their autumn/winter high fashion collection show “Butterflies in the Orchid Room,” which received high praise from the fashion industry both domestically and internationally. It collaborated with the renowned world jewelry workshop, Maison Lemaire, and the creative director Eric Charles-Donatien, to integrate French embroidery craftsmanship and Lunéville's unique hook needle technique, showcasing the brand's high-end embroidery aesthetics and enhancing its international image.

To further deepen their brand imprint, La Koradior extensively incorporated their brand DNA at the Paris showcase, featuring elements such as butterfly orchids, La-purple, cape dresses, and bellflower skirts. Their products also collaborated with the oil painting artist Hu Wei, using La-purple as the color inspiration and butterfly orchids as the creative muse to produce the joint oil painting work titled “Dream Butterfle Orchid Spring.” Across store displays, PR exhibitions, offline events, trade shows, and online promotional campaigns, La Koradior utilized their brand DNA elements to craft a brand identity and boost brand strength.

In terms of channel layout, La Koradior has taken measures to enhance the quality of its offline stores by closing low-quality outlets, expanding and renovating locations, and establishing boutique flagship stores. They have been consistently implementing a fully direct-operated model, with the average store size of new outlets significantly increased compared to previous standards, leading to notable improvements in store efficiency. By organizing themed offline exhibitions, in-store events, and strengthening interactions with consumers, La Koradior aims to build a “top-tier brand” by delivering “top-tier service” and “top-tier quality.” As of 30 June 2024, La Koradior has a total of 45 stores operating in China.

## 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 million of dollars was born. In 2015, the classic 94050 overcoat was introduced. In 2017, as the only Chinese brand officially invited, 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 February 2024, NEXY.CO unveiled its 2024 autumn/winter collection “Mulan Greenland” at Milan Fashion Week. The grand show, inspired by the brand’s flower “Magnolia,” featured the brand color “NEXY.CO Green” as the main color scheme and kicked off at the Palazzo Reale.

In the first half of 2024, NEXY.CO celebrated its 15th anniversary, which is a significant milestone for the brand. Following its appearance at Milan Fashion Week in February, the brand has been focused on strengthening brand awareness and enhancing its international influence.

Teaming up with Wonderland, they collaborated with 13 female photographers and 2 supermodels to create 15 photography works and 15 co-branded T-shirts. They held an offline Mulan Vision 15th-anniversary co-branded series exhibition to showcase the brand’s color “NEXY.CO Green” and brand flower “Magnolia”. The event featured the special appearance of brand ambassador Yuan Quan.

NEXY.CO continues to actively promote the reform of its outstanding product system, providing consumers with multi-scenario apparel focused on the workplace but not limited to it, catering to diverse consumer needs. Simultaneously, they are reinforcing the exposure of their classic pieces. They not only collaborated deeply with the magazine “ELLE” on overseas editorial shoots but also invited international supermodel Wang Qyyou to interpret the classic “π Suit”. Additionally, through the “Ingenuity Museum” column, they dissect high-quality fabrics and intricate craftsmanship, showcasing high-value clothing to consumers and embodying a sense of luxury associated with the brand. Furthermore, NEXY.CO has engaged in a cross-disciplinary collaboration with the new media digital artist Luo Bi to highlight the brand’s intellectual beauty characteristics, aiming to enhance brand relevance and increase brand engagement.

In terms of channel layout, NEXY.CO continues to implement the Group’s “channel upgrade” strategy, focusing on “improving store quality and efficiency.” They are actively conducting offline roadshows and pop-up stores, with an increase in the average store size. Additionally, significant improvements in product quality and brand strength have helped to maintain confidence in NEXY.CO’s future development even in the absence of significant improvements in the market environment and a continuous increase in the number of dealer stores. As of 30 June 2024, NEXY.CO has a total of 233 stores operating in China.

## **ELSEWHERE**

ELSEWHERE has a brand style that emphasizes “comfort, texture, and freedom,” advocating that “everyone is a life artist.” Their core product category is “knitwear,” providing urban women with relaxed and comfortable clothing options. The brand aims to convey the core spirit of modern urban women – a sense of ease, freedom, and enjoyment. Furthermore, ELSEWHERE strengthens its connection with nature and sustainability through various initiatives, attracting the attention of their core customer base, the “life artists,” who are interested in living a sustainable lifestyle and care about environmental conservation.

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 first half of 2024, as part of their promotional efforts, ELSEWHERE held the 2024 Spring/Summer fashion show titled “Poetic Picture Scroll”, tracing the story of the knitwear landscape painting, analyzing the brand’s story, and continuing to narrate the brand’s narrative of “Poetry and the beyond.” This approach aimed to shape the brand’s high-end literary style, reinforce its brand DNA, and simultaneously it held offline roadshows, generating high exposure for the overall event and expanding the brand’s reach.

Maintaining visual consistency between online and offline platforms in storefronts, image displays, and designated points, ELSEWHERE presented its key selling items in a relaxing and artistic living setting. The proportion of key selling items in the fashion show looks increased, and the brand continues to integrate products, marketing, and brand identity to deepen their integrated marketing and promotional system.

Furthermore, ELSEWHERE continued to craft stories featuring a group of Key Opinion Leaders (KOLs) and a column dedicated to “life artists,” conveying the brand’s value proposition of “Everyone is an artist of life.”

In terms of channel layout, ELSEWHERE has further optimized the offline store image by enhancing the quality of their physical stores. In the first half of 2024, the performance of their directly operated stores continued to improve, with an increase in the average area of these stores. The stores have adopted a new image that comprehensively showcases the brand’s identity, culture, and style, aiming to enhance the brand’s influence. As of 30 June 2024, ELSEWHERE has a total of 160 stores operating in China.

## **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 first half of 2024, NAERSILING focused on brand storytelling around the brand color “Freedom Red” and the brand flower “Tulip.” They launched a special feature called the “L Art Museum”, emphasizing the brand’s craftsmanship. Through videos, they analyzed the brand’s fabrics and craftsmanship.

Additionally, they conducted offline activities such as the “NAERSILING TULIP Garden” themed exhibition and invested in airport advertising at Shenzhen Airport. Online, they focused on interpreting product floral patterns and stories around core product categories. By showcasing their key selling items through the “Basic Wardrobe” feature and creating popular products, NAERSILING combined marketing and promotion with their products effectively.

In terms of channel layout, NAERSILING has been actively promoting the strategy of “adjusting store quality and improving store efficiency,” aiming to increase the size of their offline self-operated stores. The average size of newly opened stores in the current year has significantly increased compared to the average size of previous stores.

By utilizing concepts such as concept stores, boutiques, themed exhibitions, and other high-quality offline channels, NAERSILING directly engages with consumers to enhance their shopping experience. As of 30 June 2024, NAERSILING has a total of 88 stores operating in China.

## **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 first half of 2024, CADIDL focused on brand's signature dual colors "Cardi Grey" and "First Sight Pink," as well as their core product categories such as "suit sets", the classic "No.96 Suit Set," and the new classic "Elegant 12H Suit Skirt" for thematic promotions. This strategy aimed to strengthen the brand's identity. CADIDL continued to build on the success of the "Wisdom and Elegance Suit Festival," with the latest event themed "WOMEN IN SUITS." They produced a feature titled "The Birth of a Suit", highlighting the design intricacies and tailoring craftsmanship behind the classic 96 Suit Set and the Elegant 12H Suit Skirt, showcasing the pinnacle quality of the brand's suit sets.

Furthermore, in collaboration with F Magazine, they photographed "Incredible Women," a portrait of 96 diverse individuals embodying wisdom and elegance, with a strong focus on classic and new classic LOOKs. This initiative aimed to establish a brand image of wisdom and elegance. The promotional activities in the first half of the year were strategically aligned with a deep integration of products, resulting in significant promotional success.

In terms of channel layout, CADIDL has been actively implementing a strategy focused on large stores, utilizing the new 6.0 image design to integrate the brand's DNA and enhance the physical store image. Additionally, they have been organizing themed exhibitions, pop-up events, and other offline activities to improve the overall consumer shopping experience. As of 30 June 2024, CADIDL has a total of 153 stores operating in China.

## **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 first half of 2024, FUUNNY FEELLN focused on promoting brand values around the theme "F is For Attitude – as if there's a bit of attitude," emphasizing the core product category of "short jackets" and the core craftsmanship of "contrast edging technique." They aimed to create iconic products for the brand. Collaborating with the well-known IP "Popeye the Sailor," they integrated the lifestyle of cool and bold girls, using "showing off arm muscles" as their marketing topics. Through group portrayals, they narrated cool stories of discipline and self-realization.

In addition, by combining their brand story, FUUNNY FEELLN further developed the brand symbol "Miao Xiao Fu" and integrated the brand's DNA of "cat patterns" into their products, reflecting the brand's values.

In terms of channel layout, FUUNNY FEELLN has actively worked on improving the quality of their offline direct operations by introducing a new terminal image version 2.0. It has presented the brand style and spirit to consumers through physical installations in offline stores, aiming to enhance the effectiveness of self-operated stores.

On e-commerce platforms, FUUNNY FEELLN has effectively promoted brand culture and values across multiple online broadcasting platforms, increasing brand exposure and actively driving strong growth in their e-commerce business. As of 30 June 2024, FUUNNY FEELLN has a total of 78 stores operating in China.



## FINANCIAL REVIEW

### REVENUE

The principal activities of the Group are design, retail and wholesale of womenswear in the People's Republic of China (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 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 decreased from RMB3,340.90 million for the first half of 2023 to RMB3,306.37 million for the Reporting Period, representing a decrease of 1.03% or RMB34.53 million.

#### Revenue analysis by sales channels

Sale channel	For the six months ended 30 June					
	2024		2023		Increase/(decrease)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Self-operated retail stores	<b>2,633,960</b>	<b>79.67%</b>	2,734,368	81.85%	(100,408)	(3.67%)
Wholesales to distributors	<b>126,069</b>	<b>3.81%</b>	142,813	4.27%	(16,744)	(11.72%)
E-commerce	<b>546,343</b>	<b>16.52%</b>	463,715	13.88%	82,628	17.82%
Total	<b><u>3,306,372</u></b>	<b><u>100%</u></b>	<b><u>3,340,896</u></b>	<b><u>100%</u></b>	<b><u>(34,524)</u></b>	<b><u>(1.03%)</u></b>

#### Revenue of retail stores analysis

The Group has always placed a strong focus on establishing self-operated retail stores. For the first half of 2024, 1,485 self-operated retail stores (Koradior: 481, La Koradior: 45, ELSEWHERE: 128, CADIDL: 134, FUUNNY FEELLN: 47, NAERSI: 361, NEXY.CO: 203 and NAERSILING: 86) generated revenue of RMB2,633.96 million in aggregate, representing a decrease of 3.67% as compared to the first half of 2023 under our brands. The decrease in direct revenue is mainly attributed to the existing stores sales down.

As at 30 June 2024, there were 427 retail stores operated by distributors under seven brands (Koradior: 219, ELSEWHERE: 32, CADIDL: 19, FUUNNY FEELLN: 31, NAERSI: 94, NEXY.CO: 30 and NAERSILING: 2) and the revenue of retail stores operated by distributors reached RMB126.07 million, representing a decrease of 11.72% as compared to the first half of 2023 due to the low market confidence and insufficient consumer demand.

## Revenue of e-commerce analysis

Total revenue from e-commerce platforms increased by 17.82% from RMB463.72 million for the first half of 2023 to RMB546.34 million for the Reporting Period in which: (i) the revenue from e-commerce generated from Tmall increased from RMB115.29 million for the first half of 2023 to RMB124.41 million for the Reporting Period, representing an increase of 7.91% or RMB9.12 million; (ii) the revenue from e-commerce generated from VIP.com increased from RMB208.79 million for the first half of 2023 to RMB239.69 million for the Reporting Period, representing an increase of 14.80% or RMB30.90 million; (iii) the revenue from e-commerce generated from EEKA Fashion Mall increased from RMB36.70 million for the first half of 2023 to RMB49.71 million for the Reporting Period, representing an increase of 35.45% or RMB13.01 million; and (iv) the revenue from e-commerce generated from Douyin increased from RMB97.48 million for the first half of 2023 to RMB101.39 million for the Reporting Period, representing an increase of 4.01% or RMB3.91 million. The increase in revenue for the Reporting Period is primarily attributable to the Company's comprehensive upgrade strategy which has begun to show positive operational results.

## 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 six month ended 30 June 2024 and 2023, respectively:

Region	For the six month ended 30 June			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Central PRC <sup>1</sup>	<b>267.48</b>	<b>9.69%</b>	280.84	9.76%
Eastern PRC <sup>2</sup>	<b>909.43</b>	<b>32.95%</b>	953.33	33.13%
North Eastern PRC <sup>3</sup>	<b>175.06</b>	<b>6.34%</b>	190.27	6.61%
North Western PRC <sup>4</sup>	<b>197.97</b>	<b>7.17%</b>	234.44	8.15%
Northern PRC <sup>5</sup>	<b>341.24</b>	<b>12.36%</b>	344.04	11.96%
South Western PRC <sup>6</sup>	<b>494.10</b>	<b>17.90%</b>	515.33	17.91%
Southern PRC <sup>7</sup>	<b>374.75</b>	<b>13.59%</b>	358.93	12.48%
Total	<b>2,760.03</b>	<b>100%</b>	2,877.18	100%

During the year ended 30 June 2024, 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.

\* The following table shows a breakdown of retail stores of our brands in the PRC as at 1 January 2024 and 30 June 2024 respectively including both self-operated retail stores and retail stores operated by our distributors by geographical region and brand:

Region	Number of retail stores			As at 30 June 2024
	As at 1 January 2024	Opened during the Reporting Period	Closed during the Reporting Period	
Central PRC <sup>1</sup>	204	5	(14)	195
Eastern PRC <sup>2</sup>	626	35	(55)	606
North Eastern PRC <sup>3</sup>	135	17	(11)	141
North Western PRC <sup>4</sup>	218	3	(20)	201
Northern PRC <sup>5</sup>	244	17	(21)	240
South Western PRC <sup>6</sup>	315	12	(12)	315
Southern PRC <sup>7</sup>	222	7	(15)	214
Total	<u>1,964</u>	<u>96</u>	<u>(148)</u>	<u>1,912</u>

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.

Brand	Number of retail stores	
	As at 1 January 2024	As at 30 June 2024
Koradior	714	700
La Koradior	46	45
ELSEWHERE	172	160
CADIDL	161	153
FUUNNY FEELLN	91	78
NAERSI	454	455
NAERSILING	95	88
NEXY.CO	231	233
Total	<u>1,964</u>	<u>1,912</u>



## Revenue analysis by brands

### For the six months ended 30 June

	2024		2023		Increase/(decrease)	
	RMB'000	%	RMB'000	%	RMB'000	%
Koradior	1,056,961	31.97%	1,126,736	33.73%	(69,775)	(6.19%)
La Koradior	255,117	7.72%	217,049	6.50%	38,068	17.54%
ELSEWHERE	246,436	7.45%	273,118	8.17%	(26,682)	(9.77%)
CADIDL (note 1)	201,907	6.11%	215,497	6.45%	(13,590)	(6.31%)
FUUNNY FEELLN	82,037	2.48%	71,996	2.15%	10,041	13.95%
NAERSI (note 2)	734,657	22.22%	704,565	21.09%	30,092	4.27%
NAERSILING (note 2)	224,900	6.80%	252,221	7.55%	(27,321)	(10.83%)
NEXY.CO (note 2)	504,357	15.25%	479,714	14.36%	24,643	5.14%
Total	<u>3,306,372</u>	<u>100%</u>	<u>3,340,896</u>	<u>100%</u>	<u>(34,524)</u>	<u>(1.03%)</u>

*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.

## COST OF SALES

Cost of sales decreased from RMB826.61 million for the six months ended 30 June 2023 to RMB783.75 million for the Reporting Period, representing a decrease of 5.18% or RMB42.86 million, primarily due to the decrease in the cost of inventories sold as a result of the decrease of the Group’s revenue.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased from RMB2,514.29 million for the six months ended 30 June 2023 to RMB2,522.62 million for the Reporting Period, representing an increase of 0.33% or RMB8.33 million. Overall gross profit margin slightly increased from 75.26% for the first half of 2023 to 76.30% for the Reporting Period.

## Gross Profit analysis by sales channels

Sales channel	For the six month ended 30 June				Increase in Gross Profit Margin (% point)
	2024		2023		
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)	
Self-operated retail stores	2,095,113	79.54%	2,142,336	78.35%	1.19
Wholesales to distributors	93,556	74.21%	104,592	73.24%	0.97
E-commerce	333,949	61.12%	267,357	57.66%	3.46
Total	<u>2,522,618</u>	<u>76.30%</u>	<u>2,514,285</u>	<u>75.26%</u>	<u>1.04</u>

## Gross Profit analysis by brands

Brand	For the six months ended 30 June				Increase/ (decrease) in Gross Profit Margin (% point)
	2024		2023		
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)	
Koradior	799,009	75.59%	861,187	76.43%	(0.84)
La Koradior	206,744	81.04%	173,796	80.07%	0.97
ELSEWHERE	173,140	70.26%	191,986	70.29%	(0.03)
CADIDL	152,988	75.77%	158,699	73.64%	2.13
FUUNNY FEELLN	51,688	63.01%	42,769	59.40%	3.61
NAERSI	566,570	77.12%	526,241	74.69%	2.43
NAERSILING	177,169	78.78%	191,916	76.09%	2.69
NEXY.CO	395,310	78.38%	367,691	76.65%	1.73
Total	<u>2,522,618</u>	<u>76.30%</u>	<u>2,514,285</u>	<u>75.26%</u>	<u>1.04</u>

## OPERATING EXPENSES

Operating expenses increased from RMB2,081.93 million for the six months ended 30 June 2023 to RMB2,272.42 million for the Reporting Period, representing an increase of 9.15% or RMB190.49 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 6.19% to RMB1,902.95 million for the Reporting Period from RMB1,792.03 million for the six months ended 30 June 2023, primarily due to the increase in (a) salaries and staff benefits, (b) the store concession fees and (c) investment in promotions and advertising.

## **Administrative and other operating expenses**

Administrative and other operating expenses increased by 27.45% to RMB369.47 million for the Reporting Period from RMB289.90 million for the corresponding period in 2023 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 increased by 17.54% to RMB27.47 million for the Reporting Period from RMB23.37 million for the corresponding period in 2023, mainly due to the increase in loan borrowing.

## **INCOME TAX EXPENSES**

Income tax expenses decreased from RMB63.81 million for the first half of 2023 to RMB21.54 million for the Reporting Period mainly due to the decrease 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 RMB282.85 million, representing a decrease of 36.03% or RMB159.35 million as compared to RMB442.20 million for the first half of 2023. Net profit margin decreased from 13.24% for the first half of 2023 to 8.55% 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 2024, the Group had total current assets of RMB3,156.18 million (31 December 2023: RMB3,549.66 million) and total current liabilities of RMB1,660.55 million (31 December 2023: RMB1,989.27 million) with a current ratio of 1.90. 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 2024, the Group's interest bearing bank loans were denominated in Renminbi, comprising a RMB634 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 2024, the Group had cash and cash equivalents of RMB357.58 million (31 December 2023: RMB440.76 million), denominated as to 93.34% in RMB, 6.40% in Hong Kong dollar, 0.01% in United States dollar, 0.19% in Euro and 0.06% in Japanese yen. The net cash inflow from operating activities generated was RMB451.83 million during the Reporting Period, decreased by 50.60% from RMB914.61 million for the six months ended 30 June 2023. As at 30 June 2024, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 14.35% (31 December 2023: 11.26%).

## **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 10,512 as at 30 June 2024 (30 June 2023: 10,137). 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 RMB805.95 million (six months ended 30 June 2023: RMB703.78 million), representing 24.38% of our revenue (six months ended 30 June 2023: 21.07%).

The Group has a share award scheme in place which was adopted in December 2019 to recognise the contributions for selected participants and to provide incentive to retain them for continual development of the Group. As the maximum number of shares that may be awarded under the 2019 Scheme is almost reached, a new share award scheme was adopted in April 2024 to continue recognizing the efforts of selected participants. 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 2024, the Group had no significant contingent liabilities.

## **MATERIAL ACQUISITION AND DISPOSAL**

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 2024, the Group had no significant investment with a value of 5% or more of the Group's total assets.

## **OUTLOOK**

In terms of the external environment, China's economy will continue to face significant uncertainty and continued downward pressure in the second half of the year. The central government has put forward the economic work for the second half of the year with the emphasis on "macro policies should continue to exert force and be more forceful," focusing on boosting consumption to expand domestic demand. It is also explicitly stated to "promote large-scale equipment updates and the replacement of large durable consumer goods with new ones" as part of the consumption stimulus policy. We believe that in the second half of the year, the combined impact of these policies will accelerate and show positive results, stabilizing and improving the consumer market gradually.

In terms of internal operations, in the second half of the year, the Group will focus on the steady development of existing brand business, striving for stability, and making full efforts to achieve annual operational goals. At the same time, the Group will adhere to the comprehensive “quality improvement” strategy and continue to hone internal capabilities. Achieving the vision of “becoming a globally renowned Chinese affordable luxury brand management group” will undoubtedly be a long and challenging journey, but the Group firmly believes that “where there’s a will, there’s a way.” In the second half of the year, the Group will steadfastly advance reforms and upgrades in various business areas such as branding, products, channels, and supply chains, continuously strengthening platform operations and systematic management capabilities, and progressing step by step to achieve significant milestones, the detailed plans in respect of each business area are summarised as below:

- (1) **Brand System:** The Group will persist in long-term investments and continuously strengthen systematic promotion. The Group will continue to make long-term investment in brand building, ensuring that strategic promotional actions are effectively and comprehensively implemented in the second half of the year. By enhancing integrated marketing efficiency and quality through improving organizational forms, establishing process norms, and implementing quantified target assessments, the Group aims to further enhance the systematic layout and promotion of brand endorsements, advertising placements, fashion shows, and terminal store images, in the hope of continuously strengthening the brand’s presence in customers’ minds.
- (2) **Product System:** The Group will deepen our outstanding product capabilities and continuously enhance product quality. In the second half of the year, the Group will further refine the matrix organizational structure of the brand business department, focus on core product categories, strengthen inter-category linkages, and enhance the collaborative efficiency of category-based research and development. The Group will continue to upgrade product materials, increase the overall utilization of high-end materials, refine craftsmanship techniques, and enhance craftsmanship finesse and quality.
- (3) **Channel System:** Emphasis will be placed on optimizing offline stores and continuing to differentiate online channel layouts. In the second half of the year, the Group will steadily advance the adjustment of “large and high-quality” offline formats, focus on and deepen cultivation in high-line markets, and strive to create benchmark stores with high productivity. The Group will continue to consolidate competitive advantages in mid-to-high-end department store formats and deepen and expand layouts in shopping center formats. Simultaneously, the Group will strengthen cooperation with high-quality regional distributors to drive distribution market growth. In the second half of the year, the Group will continue the transformation of Tmall and JD.com to premium and branded operations, implement Douyin’s “increase volume, expand large stores” strategy, and drive growth in live streaming business.
- (4) **Supply System:** Prioritizing quality, the Group will further enhance concentration. In the second half of the year, the Group will continue to integrate and build a high-quality supply chain, support core suppliers, continuously expand the layout of top-tier supply chains, and further enhance the Group’s overall bargaining capabilities by integrating procurement of multiple categories and varieties of raw materials, thereby improving quality and reducing costs. The Group will continue to enhance the intelligence system and application of the supply chain, in a view to continually improving the overall category management capabilities of technology and craftsmanship.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2023: 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 C1 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 C3 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**

Pursuant to the rules of the share award scheme adopted by the Company on 10 April 2024, the Company instructed the trustee to purchase from the market a total of about 3.1 million shares for awards to the relevant grantees during the Reporting Period. The total costs (excluding related transaction costs) involved was about HK\$32 million. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the 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, 15 August 2024

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