Season Pacific Holdings Limited
雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1709)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board (the "Board") of Directors (the "Directors") of Season Pacific Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2019 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

		For the year ended 31 March	
		2019	2018
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**186,519**	279,382
Cost of sales	*5*	**(165,601)**	(224,798)
Gross profit		**20,918**	54,584
Other gains	*4*	**37,753**	–
Selling expenses	*5*	**(7,587)**	(7,369)
General and administrative expenses	*5*	**(32,264)**	(26,462)
Operating profit		**18,820**	20,753
Finance income		**292**	1
Finance costs		**(125)**	(48)
Finance income/(costs), net		**167**	(47)
Profit before income tax		**18,987**	20,706
Income tax expense	*7*	**(305)**	(5,018)
Profit and total comprehensive income for the year attributable to owners of the Company		**18,682**	15,688
Earnings per share attributable to owners of the Company			
— Basic (HK cents)	*9*	**1.69**	1.57
— Diluted (HK cents)	*9*	**1.67**	1.57

* *For identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		As at 31 March	
		2019	2018
	NOTES	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**1,111**	808
Deferred income tax asset		**278**	256
Prepayments and deposits	*11*	**2,115**	3,777
Financial assets at fair value through profit or loss		**57,038**	–
		60,542	4,841
Current assets			
Trade and bills receivables, prepayments and deposits	*11*	**46,586**	68,479
Financial assets at fair value through profit or loss		**17,753**	–
Income tax recoverable		**3,291**	–
Cash and cash equivalents		**52,284**	42,375
		119,914	110,854
Total assets		**180,456**	115,695
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*12*	**11,238**	10,000
Other reserves		**83,662**	15,163
Retained earnings		**75,922**	57,240
Total equity		**170,822**	82,403
Non-current liability			
Provision for reinstatement cost	*13*	**250**	250
Current liabilities			
Trade, bills and other payables	*13*	**7,884**	22,872
Bank borrowings	*14*	**1,500**	8,336
Current income tax liabilities		**–**	1,834
		9,384	33,042
Total liabilities		**9,634**	33,292
Total equity and liabilities		**180,456**	115,695

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Share options reserve**	**Capital reserve**	**Retained earnings**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2017 and 1 April 2017	10,000	9,810	–	10	41,552	61,372
Total comprehensive income						
Profit for the year ended 31 March 2018	–	–	–	–	15,688	15,688
Transactions with owners in their capacity as owners						
Share-based payments	–	–	5,343	–	–	5,343
Balance at 31 March 2018 and 1 April 2018	10,000	9,810	5,343	10	57,240	82,403
Total comprehensive income						
Profit for the year ended 31 March 2019	**–**	**–**	**–**	**–**	**18,682**	**18,682**
Transactions with owners in their capacity as owners						
Share-based payments	**–**	**–**	**9,694**	**–**	**–**	**9,694**
Issuance of shares under share placement *(Note 12)*	**1,238**	**58,805**	**–**	**–**	**–**	**60,043**
Balance at 31 March 2019	**11,238**	**68,615**	**15,037**	**10**	**75,922**	**170,822**

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 May 2015 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 address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. The ultimate holding company of the Company is Alpha Direct Investments Limited ("Alpha Direct").

The transfer of the listing of the shares of the Company from the GEM to the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") was completed on 27 September 2017 ("Transfer of listing").

These consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) The following new standards/amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2018:

HKAS 28 (Amendments)	Investments in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfer of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarification to HKFRS 15
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements Project	2014–2016 Projects

Except for those disclosed in Note 2.2, the adoption of these standards and amendments did not have any impact on the amounts recognised in prior periods. Most of the standards and amendments will also not affect the current or future periods.

(b) The following new standards/amendments to standards have been issued, but are not effective for the Group's accounting period beginning on 1 April 2018 and have not been early adopted.

HKAS 1 and HKAS 8 (Amendments)	Definition of material[2]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement Projects[1]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
HKFRS 3 (Amendments)	Definition of a Business[4]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contract[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Annual Improvements Project	2015–2017 Projects[1]

Notes:

1. Effective for the annual periods beginning on or after 1 January 2019
2. Effective for the annual periods beginning on or after 1 January 2020
3. Effective for the annual periods beginning on or after 1 January 2021
4. Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5. To be determined

HKFRS 16 'Leases'

The Group is a lessee of its office, staff quarter and warehouse which are currently classified as operating leases.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statements of financial position. In consolidated income statement, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straightline depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

As at 31 March 2019, the Group had aggregate minimum lease payments, which are not reflected in the consolidated statement of financial position, under non-cancellable operating lease amounting to HK$7,642,000. A preliminary assessment indicates that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

Apart from the effects as outlined above, the management does not expect that the application of HKFRS 16 would have a material impact on the Group's financial position and results of operations. The new standard is not expected to be applied by the Group until the financial year ending 31 March 2020.

Other than those analysed above, the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 "Financial Instruments" ("HKFRS 9") and HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

(a) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) Classification and measurement

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The adoption of HKFRS 9 did not have material impact on the classification and measurement of the Group's financial assets and liabilities.

(ii) Impairment of financial assets

The Group has two main types of financial assets that are subject to HKFRS 9's new expected credit loss model:

— Trade receivables; and

— Other financial assets measured at amortised costs (including cash and cash equivalents, deposits and other receivables)

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follows:

Trade receivables

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has assessed the expected credit loss model applied to the trade receivables as at 1 April 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected credit loss model under HKFRS 9 did not have material impact on allowance for impairment of trade receivables calculated under HKAS 39.

Other financial assets measured at amortised cost

Other financial assets at amortised cost include deposits and other receivable. The Group has applied the expected credit loss model to deposits and other receivables as at 1 April 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(b) Adoption of HKFRS 15

The Group has adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provision in HKFRS 15, the Group has elected to use the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18.

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

— When the customer simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs;

— When the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— When the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the contract terms and the Group's activities do not fall into any of these 3 situations, then under HKFRS 15 the Group recognises revenue for the sale of that goods or services at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs. The adoption of HKFRS 15 does not have a significant impact on the Group's financial position and results of operation for the period. There is also no material impact to the Group's retained earnings as at 1 April 2018.

(ii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As previously stated *HK$'000*	As at 1 April 2018 Reclassification under HKFRS 15 *HK$'000*	Opening balance *HK$'000*
Consolidated statement of financial position (extract)			
Current liabilities:			
Trade, bills and other payables — Receipt in advance	22,872	(4,244)	18,628
Trade, bills and other payables — contract liabilities	–	4,244	4,244
	22,872	–	22,872

3 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources.

The Group is principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. Information reported to the executive directors for the purpose of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment — sales of apparel with the provision of supply chain management total solutions to customers, and segment disclosures are not presented.

Analysis of revenue is as follows:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue		
Sales of goods recognised at a point in time	**186,519**	279,382
Total	**186,519**	279,382

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
America	**87,139**	112,055
Europe	**72,458**	81,790
Asia Pacific	**21,915**	44,570
Middle East	**5,007**	40,967
	186,519	279,382

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Customer A	**42,650**	32,470
Customer B	**31,745**	32,145
Customer C	**25,006**	–
Customer D	**21,559**	27,199

Liabilities related to contracts with customers

As at 31 March 2019, contract liabilities included trade, bills and other payables amounting to approximately HK$1,856,000.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	For the year ended 31 March 2019 *HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the period	4,244

4 OTHER GAINS

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Gains on sales of equity securities	**11,529**	–
Fair value gains on equity securities	**26,224**	–
	37,753	–

5 EXPENSES BY NATURE

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Cost of goods sold	**160,065**	217,806
Sales commission	**2,221**	2,591
Incentive fee *(Note 11)*	**1,000**	1,000
Provision for impairment of prepaid incentive fee *(Note 11)*	**1,369**	–
Depreciation of property, plant and equipment *(Note 10)*	**355**	347
Operating lease rentals in respect of		
— office	**3,370**	3,290
— staff quarter	**776**	754
— car park	**256**	246
— warehouse	**250**	–
Auditors' remuneration		
— Audit services	**1,200**	1,150
— Non-audit services in relation to Transfer of Listing	**–**	280
Employee benefit expenses *(Note 6)*	**17,343**	19,212
Entertainment and travelling expenses	**617**	1,218
Professional fee in relation to Transfer of Listing	**–**	1,834
Professional fee in relation to share placement	**1,441**	–
Share options granted to external consultants and a supplier	**6,545**	950
Other expenses	**8,644**	7,951
Total cost of sales, selling expenses and general and administrative expenses	**205,452**	258,629

6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Salaries, bonus and other short-term employee benefits	**13,823**	14,412
Share options granted to employees	**3,149**	4,393
Reversal of provision for unutilised annual leave	**(22)**	(32)
Pension costs — defined contribution plans	**393**	439
	17,343	19,212

7 INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	For the year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current Income tax		
— Hong Kong	**326**	5,030
— The People's Republic of China ("PRC")	**1**	3
	327	5,033
Deferred tax		
— Hong Kong	**(22)**	(15)
Total	**305**	5,018

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. Corporate income tax of the PRC has been provided at the preferential rate of 10% (2018: 10%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

8 DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 March 2019 and 2018.

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the years.

	For the year ended 31 March	
	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**18,682**	15,688
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,103,110,137**	1,000,000,000
Basic earnings per share *(HK cents per share)*	**1.69**	1.57

(b) Diluted

	For the year ended 31 March	
	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**18,682**	15,688
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,103,110,137**	1,000,000,000
Effect of dilutive potential ordinary shares		
Share options	**13,197,944**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,116,308,081**	1,000,000,000
Diluted earnings per share *(HK cents per share)*	**1.67**	1.57

Notes:

(i) The calculation of the diluted earnings per share for the year ended 31 March 2019 is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the sum of the weighted average number of the ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

(ii) Diluted earnings per share for the year ended 31 March 2018 are equal to the basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year ended 31 March 2018.

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Computer Equipment *HK$'000*	Fitting and furniture *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Year ended 31 March 2018						
Opening net book value	–	30	74	199	775	1,078
Additions	–	32	45	–	–	77
Depreciation	–	(20)	(74)	(47)	(206)	(347)
Closing net book value	–	42	45	152	569	808
At 31 March 2018						
Cost	2,826	116	915	234	1,030	5,121
Accumulated depreciation	(2,826)	(74)	(870)	(82)	(461)	(4,313)
Net book value	–	42	45	152	569	808
Year ended 31 March 2019						
Opening net book value	**–**	**42**	**45**	**152**	**569**	**808**
Additions	**629**	**—**	**29**	**—**	**—**	**658**
Depreciation	**(63)**	**(11)**	**(28)**	**(47)**	**(206)**	**(355)**
Closing net book value	**566**	**31**	**46**	**105**	**363**	**1,111**
At 31 March 2019						
Cost	**3,455**	**116**	**944**	**234**	**1,030**	**5,779**
Accumulated depreciation	**(2,889)**	**(85)**	**(898)**	**(129)**	**(667)**	**(4,668)**
Net book value	**566**	**31**	**46**	**105**	**363**	**1,111**

Depreciation expenses of approximately HK$355,000 (2018: HK$347,000) have been charged to the general and administrative expenses for the year ended 31 March 2019.

11 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Gross trade receivables	**7,390**	33,061
Gross bills receivables	**3,592**	9,336
Trade and bills receivables, net of provision	**10,982**	42,397
Prepaid incentive fee *(Note (a))*	**585**	2,954
Advance payment of sales commission	**607**	1,356
Payment in advance to suppliers	**12,976**	22,728
Refundable deposit in relation to an acquisition *(Note (b))*	**21,000**	–
Rental deposits	**1,955**	1,948
Prepayments	**338**	382
Other receivables	**258**	491
Total trade and bills receivables, prepayments and deposits	**48,701**	72,256
Less: Non-current portion		
Long-term portion of prepaid incentive fee	**(292)**	(1,954)
Long-term portion of rental deposits	**(1,823)**	(1,823)
	46,586	68,479

Notes:

(a) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited ("Asian Succeed"), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group's products and services for a period of five years. The Group paid a sign up and incentive fee to Asian Succeed of HK$5,000,000. The prepaid incentive fee is subject to amortisation of five years.

As at 31 March 2019, the Group recognised HK$585,000 (2018: HK$2,954,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position. An incentive fee of HK$1,000,000 (2018: HK$1,000,000) and a provision for impairment of prepaid incentive fee of HK$1,369,000 (2018: Nil) has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2019.

(b) On 6 March 2019, the Group entered into an agreement with a related party to acquire the entire issued share capital of two target companies at a consideration of HK$42,000,000. A refundable deposit of HK$21,000,000 was paid by the Group upon the signing of the agreement. Subsequent to the year end to the date of the approval of these financial statements, the acquisition was not yet completed.

The carrying amounts of trade and bills receivables, prepayments and deposits approximate their fair values.

The Group's sales are on letter of credit or credit insurance or with credit terms of up to 150 days (31 March 2018: 90 days). At 31 March 2019 and 2018, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Up to 30 days	**4,058**	13,380
31 to 60 days	**1,035**	10,599
61 to 90 days	**3,861**	7,688
Over 90 days	**2,028**	10,730
	10,982	42,397

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

The other classes within trade and bills receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the trade and bills receivables, prepayments and deposits are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
US$	**23,957**	45,078
HK$	**24,729**	25,810
EUR	**–**	1,335
RMB	**15**	33
	48,701	72,256

12 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares
		HK$
Authorised share capital		
As at 31 March 2018 and 31 March 2019	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2018	1,000,000,000	10,000,000
Issuance of ordinary share under share placement (*Note a*)	123,800,000	1,238,000
As at 31 March 2019	1,123,800,000	11,238,000

Note:

(a) On 1 June 2018, 123,800,000 shares were issued at subscription price of HK$0.485 by way of share placement. Net proceeds of HK$58,602,000 (net of professional fee of approximately HK$1,441,000) was received by the Company with HK$1,238,000 was credited to the share capital account and approximately HK$58,805,000 was credited to share premium account.

13 PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Trade and bills payables	**2,006**	16,026
Contract liabilities	**1,856**	–
Receipts in advance from customers	**–**	4,244
Provision for reinstatement cost	**250**	250
Accrued employee benefits expenses	**564**	612
Other payables	**3,458**	1,990
	8,134	23,122
Less: Non-current portion		
Provision for reinstatement cost	**(250)**	(250)
	7,884	22,872

The carrying amounts of trade, bills and other payables approximate their fair values and are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
US$	**570**	16,214
HK$	**4,867**	1,692
EUR	**–**	81
RMB	**27**	29
	5,464	18,016

Trade and bills payables

The ageing analysis of the trade and bills payables based on due date is as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current	**1,683**	10,119
1 to 30 days	**21**	632
31 to 60 days	**215**	4,125
61 to 90 days	**87**	731
Over 90 days	**–**	419
Total trade and bills payables	**2,006**	16,026

14 BANK BORROWINGS

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current bank borrowings	**1,500**	8,336

At 31 March 2019, the bank borrowings were repayable within 1 year with the average interest rate per annum at 2.93% (2018: ranging from 2.29% to 2.74%). The exposure of the bank borrowings to interest rate changes and the contractual repricing dates at the end of the year were 6 months or less.

The carrying amounts of the bank borrowings were unsecured, denominated in HK$ and approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group engages in sales of apparel products with the provision of supply chain management total solutions to customers.

For the year ended 31 March 2019, the Group recorded decreases in revenue of approximately 33.2% and gross profit of approximately 61.7% and recorded an increase in profit and total comprehensive income attributable to owners of the Company of approximately 19.1% as compared with that for the year ended 31 March 2018. Despite the significant continued challenges in the global business environment, the Group, through one of the subsidiaries of the Company, was able to significantly grow its sales contracts with one of the world's largest fashion retailers. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such customer (the "Spain Customer"), headquartered in Spain, owns eight brands, including some of the most internationally popular and successful high street brands and has a total of more than 7,000 retail stores throughout the world. Having continued to build its business relationship with this customer, the Group demonstrated its ability to grow its business customers such as international top fashion chain. The Group recorded other gains of approximately HK$37.8 million for the year ended 31 March 2019. This was due to positive returns from investments on securities.

On 7 October 2015 (the "Listing Date"), the shares of the Company (the "Share(s)") were listed on GEM by placing (the "Placing"). After deducting all the relevant commission and expenses borne by the Company, there were approximately HK$5.1 million of net proceeds from the Placing. During the period from the Listing Date to 31 March 2019, approximately HK$5.1 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 September 2015 in relation to the Placing (the "Prospectus"). Further details are set out in the paragraph headed "USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS" in this announcement.

On 27 September 2017, the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of transfer of listing from GEM to the Main Board of the Stock Exchange (the "Transfer of Listing"). The Transfer of Listing did not involve the issue of any new Shares. The Board believes that the Transfer of Listing will improve the liquidity of the Shares and enhance the profile of the Group. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility.

FINANCIAL REVIEW

Revenue

Under the very challenging market conditions, the Group's revenue decreased to approximately HK$186.5 million for the year ended 31 March 2019 from approximately HK$279.4 million for the year ended 31 March 2018, representing a decrease of approximately 33.2%. Although the Group recorded a decrease of revenue in all markets during the year ended 31 March 2019, it was able to make a significant growth in sales to the Spain Customer. The Group's sales to its top four customers (each contributing more than 10% of the total revenue of the Group) accounted for approximately 64.9% of the total revenue for the year ended 31 March 2019, with the Group's sales to its largest customer accounting for approximately 22.9% of the total revenue for the year ended 31 March 2019.

As noted above, there was a significant increase in sales to one of the world's largest fashion retailers headquartered in Spain. The Group has continued to solidify its reputation for high quality products and demonstrated its strong abilities to solicit customers such as international top fashion chain.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The cost of sales decreased to approximately HK$165.6 million for the year ended 31 March 2019 from approximately HK$224.8 million for the year ended 31 March 2018, representing a decrease of approximately 26.3%. The decrease of the Group's cost of sales was in line with the decrease in revenue in a very challenging environment.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK$20.9 million for the year ended 31 March 2019 from approximately HK$54.6 million for the year ended 31 March 2018, representing a decrease of approximately 61.7%. The Group's gross profit margin decreased to approximately 11.2% for the year ended 31 March 2019 from approximately 19.5% for the year ended 31 March 2018. The Group offered competitive pricing for greater portion of its sales which resulted in a lower overall gross profit margin.

Selling expenses

Selling expenses mainly consist of sales commission paid to external sales representatives and staff costs of in-house staff whose roles are mainly focusing on sourcing new customers. Selling expenses increased to approximately HK$7.6 million for the year ended 31 March 2019 from approximately HK$7.4 million for the year ended 31 March 2018, representing a slight increase of approximately 2.7%.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK$32.3 million for the year ended 31 March 2019 from approximately HK$26.5 million for the year ended 31 March 2018, representing an increase of approximately 21.9%. Such increase was mainly due to share-based payment expenses arisen from the grant of share options pursuant to the share option scheme of the Company during the year ended 31 March 2019.

Finance costs

For the year ended 31 March 2019, the Group had bank borrowings with average interest rate per annum at 2.93%, while the Group had bank borrowings with average interest rate per annum ranging from 2.29% to 2.74% for the year ended 31 March 2018.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased to approximately HK$18.7 million for the year ended 31 March 2019 from approximately HK$15.7 million for the year ended 31 March 2018, representing an increase of approximately 19.1%. Such increase was mainly attributable to the other gains on the positive returns from the listed investments, set off by the decrease in gross profit.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2019, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2019 and 2018, the Group had net current assets of approximately HK$110.5 million and HK$77.8 million respectively, including cash and bank balances of approximately HK$52.3 million and HK$42.4 million respectively. The Group's current ratio increased from approximately 3.4 as at 31 March 2018 to approximately 12.8 as at 31 March 2019. Such increase was mainly because of the decrease in current liabilities mainly in the decrease in trade, bills and other payables during the year ended 31 March 2019.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The Group's gearing ratio decreased from approximately 0.40 times as at 31 March 2018 to approximately 0.06 times as at 31 March 2019.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 12 to the consolidated financial statements in this announcement.

The capital structure of the Group and major fund raising activities during the year ended 31 March 2019 are summarised as below:

Issue of securities

Reference is made to the announcements of the Company dated 16 May 2018, 23 May 2018 and 1 June 2018. The Company and Fulbright Securities Limited (the "Placing Agent") entered into a placing agreement on 16 May 2018 (as amended by a supplemental agreement dated 23 May 2018 and entered into by the same parties) in respect of the placement of up to 123,800,000 ordinary shares of HK$0.01 each ("Placing Share(s)") at a placing price of HK$0.485 per Placing Share to not less than six placees. The placing price of HK$0.485 represented a discount of approximately 19.17% to the closing price of HK$0.60 per Share as quoted on the Stock Exchange on 23 May 2018, being the date of the supplemental agreement.

On 1 June 2018, the placing was completed and a total of 123,800,000 Placing Shares were issued under the general mandate of the Company. Accordingly, the aggregate nominal value of the Placing Shares was HK$1,238,000.

The Placing Shares were placed by the Placing Agent to not less than six places (being individual(s), professional, institutional and/or corporate investors).

The net proceeds from the Placing were approximately HK$58.6 million. Accordingly, the net price of each Placing Share was approximately HK$0.47 per Placing Share.

Reference is made to the announcement of the Company dated 6 March 2019 regarding the change of intended use of unutilised Net Proceeds from the Placing in the amount of HK$50 million for suitable acquisition and equity investment opportunities, including but not limited to the investment in the Target Companies as well as general working capital of the Group.

Up to 31 March 2019, the Net Proceeds had been applied as follows:

Intended use of the Net Proceeds	**Original allocation** *(HK$ million)*	**Revised allocation** *(HK$ million)*	**Utilised Net Proceeds as at 31 March 2019** *(HK$ million)*	**Unutilised Net Proceeds as at 31 March 2019** *(HK$ million)*
Sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products	25	–	–	–
Enhancement of supply chain management efficiency and capacity, and expansion of sales network	25	–	–	–
General working capital	8.6	16.1	10.1	6.0
Pursuing suitable acquisition and equity investment opportunities	–	42.5	42.5	–
Total	58.6	58.6	52.6	6.0

SIGNIFICANT INVESTMENTS

As at 31 March 2019, the Group's financial assets at fair value through profit or loss ("FVTPL"), with market value of approximately HK$74.8 million (2018: nil). The Board considers that the investments with market value as at 31 March 2019 accounting for more than 5% of the Group's total assets as at 31 March 2019 as significant investments.

For the year ended 31 March 2019, the Group recognized net unrealised gain on financial assets at FVTPL of approximately HK$26.2 million (2018: nil) and realised gain on financial assets at FVTPL of approximately HK$11.5 million (2018: nil).

Details of the significant financial assets at FVTPL as at 31 March 2019 were set out as follows:

Name of securities	**As at 31 March 2019**				**For the year ended 31 March 2019**	
	Percentage of shareholding interest	**Fair value** *HK$'000*	**Percentage to the total assets of the Group**	**Percentage to the total financial assets at FVTPL**	**Unrealised gain/(loss)** *HK$'000*	**Realised gain/(loss)** *HK$'000*
Takbo Group Holdings Limited ("TGH") *(Note)*	2.75%	42,130	23.4%	56.3%	27,640	11,529
Evergrande Health Industry Group Limited ("EHIG")	0.01%	9,190	5.1%	12.3%	(110)	–

Note: The Group has disposed all share of TGH subsequent to the year end 31 March 2019 (the "Subsequent Sales") for approximately HK$9.2 million, resulting in a loss of HK$32.9 million, which will be recognised in the year ending 31 March 2020. The subsequent sales and the disposal of TGH during the year ended 31 March 2019 have resulted in a net gain of approximately HK$6.3 million. For details, please refer to the Company's announcement dated 28 June 2019.

TGH is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in the provision of (i) the design, development, manufacture and sale of beauty products, and (ii) the design, development and sale of beauty bags. EHIG is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing in the People's Republic of China, as well as the investment in high technology new energy vehicle manufacture.

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2019, save for the proposed acquisition as set out in the paragraph headed "Future plans for material investments and capital assets" in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Reference is made to the Company's announcements dated 6 March 2019, 27 March 2019, 30 April 2019, 30 May 2019 and 28 June 2019 regarding the proposed acquisition (the "Acquisition") of a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO; and a corporation holding a money lender's licence, at the consideration of HK$42 million. The Acquisition constitutes a discloseable transaction and connected transaction of the Company and is subject to the reporting, announcement and (in respect of the requirements of connected transaction only) independent Shareholder's approval requirements under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As at the date of this announcement, the Acquisition has not been completed. Save as those disclosed in Prospectus and above, the Group currently has no other plan for material investments and capital assets.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises, staff quarter and warehouse. The Group's operating lease commitments amounted to approximately HK$7.6 million and HK$10.5 million as at 31 March 2019 and 2018 respectively. As at 31 March 2019, the Group did not have any significant capital commitments (31 March 2018: nil).

On 6 March 2019, the Group entered into an agreement regarding the Acquisition at a consideration of HK$42,000,000. A refundable deposit of HK$21 million was paid by the Group upon the signing of the agreement. Upon the completion of the Acquisition, the Group will be committed to pay the remaining consideration of HK$21 million. For details, please refer to the Company's announcement dated 6 March 2019.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2019 and 2018.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("HK$"), Renminbi ("RMB") and Euro dollars ("EUR"). As at 31 March 2019 and 2018, foreign exchange risk on financial assets and liabilities denominated in EUR and RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in United States Dollars ("US$"), which is the functional currency of the Group, as HK$ is pegged to US$, the Group does not expect any significant movement in the US$/HK$ exchange rate. The Group does not undertake any foreign currency hedging currently.

PLEDGE OF ASSETS

As at 31 March 2019, the Group did not pledge any of its assets (31 March 2018: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019 and 2018, the Group employed a total of 26 and 33 full-time employees respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2019 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$17.3 million and HK$19.2 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to employees in accordance with their performance.

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Shares have been listed on GEM on 7 October 2015. The actual net proceeds from the Placing, after deducting commission and expenses borne by the Company in connection with the Placing, were approximately HK$5.1 million (the "Actual Net Proceeds"), which were less than the estimated one stated in the Prospectus and the allotment results announcement of the Company dated 6 October 2015 (the "Allotment Results Announcement"). The difference between the Actual Net Proceeds and the estimated proceeds stated in the Allotment Results Announcement was due to listing fees which were recognised in the combined statement of comprehensive income for the year ended 31 March 2015 and unexpected higher amount of professional fees relating to the GEM listing (such as auditors, lawyers and financial printer fees). Despite the difference in the Actual Net Proceeds compared to the estimated net proceeds, the Company has not altered its initial expansion or development plans but instead plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period (the "Period") from 1 October 2015 to 30 June 2018 but with monetary adjustments to each business strategic plan on a pro rata basis. As the Placing completed after 30 September 2015, the estimated use of proceeds for the period ended 30

September 2015 as stated in the Prospectus would be foregone. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the period up to 31 March 2019.

Business strategies and business objectives as set out in the Prospectus	**Adjusted allocation of the Actual Net Proceeds**	**Actual use of the Actual Net Proceeds**
	For the period up to 31 March 2019	
	HK$'000	*HK$'000*
Expand the geographical coverage of the Group's customers *(Note)*	1,746	1,746
Expand the geographical base of the Group's third-party manufacturers	802	802
Further develop the Group's design and development capabilities	1,233	1,233
Expand the Group's product types to further cater to customers' needs	964	964
General working capital	330	330
Total	5,075	5,075

Note: The Actual Net Proceeds would only be utilised for, among others, salary of the team head for the new merchandising team subsequent to the Placing.

SUBSEQUENT EVENTS

Please refer to the paragraphs headed "Future plans for material investments and capital assets" and "Significant investment" in this announcement for subsequent events after 31 March 2019.

PROSPECTS

The Group continues to provide excellent supply chain management total solutions to its customers. The Group's professional and experienced teams, with the ability to be flexible and sensitive to the needs of customers, have established a firm position with one of the world's largest fashion retailers headquartered in Spain and achieved significant growth this year and despite the significant challenges, continues to expect growth in sales contracts with the Spain Customer. The Group expects the business with the Spain Customer and the relationship to continue to open the door to many other opportunities with this customer with over 7,000 stores throughout the world.

Given the challenging economic outlook, the continuing rise in costs associated with geo-political pressures uncertainties due to China-US trade war and Brexit, maintaining the Group's margins will be challenging in the short to medium term. The Group has not been able to find compelling opportunities to develop its own brands in such markets and have not identified any suitable brand(s) to acquire or enhance supply chain management efficiency and capacity and expand its sales network. Therefore, pursuing suitable acquisition and equity investment opportunities which will allow the Group to diversify its sources of income particularly from a geographic perspective. Suitable opportunities that show good prospects, particularly in strong markets and industries which are showing significant growth potential include opportunities in the Hong Kong financial industry. The Group looks forward to the completion of the Acquisition.

Overall, the Group expects the global business environment to remain challenging in the coming year due to economic and political uncertainty which will create certain pressure to the Group's sales and gross profit margins. Nevertheless, with the new diversification strategy, the Group should have the financial and operational capability to handle these challenges going forward.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2015 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants (the "Eligible Participants") of the Share Option Scheme include the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

During the year ended 31 March 2019, the Company granted 60,000,000 share options under the Share Option Scheme. As at 31 March 2019, the Company had 100,000,000 share options (31 March 2018: 40,000,000) outstanding under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 March 2019, the Company or any of its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

Save as disclosed below, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2019.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2019, Mr. Cheung Lui ("Mr. Cheung") performed his duties as both the chairman and chief executive officer of the Company.

However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Cheung and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors for the year ended 31 March 2019.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or any entity connected with any Director had a material interest whether directly or indirectly, in any transactions, arrangement and contract of significance to the business of the Group, to which the Company or any of its subsidiaries or its parent companies was a party subsisted during or at the end of the year ended 31 March 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2019 and up to the date of this announcement, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang Ngai, details of which were set out in the Prospectus, has been fully complied and enforced for the year ended 31 March 2019. The Company further confirms that the deed of non-competition dated 25 September 2015 and given by Mr. Cheung and Alpha Direct Investments Limited, details of which were set out in the Prospectus, has been fully complied and enforced for the year ended 31 March 2019. The Board also confirms that there are no other matters in relation to the aforesaid non-competition undertaking and deed of non-competition which should be brought to the attention of the shareholders of the Company and the potential investors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2019.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in its daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment during the year ended 31 March 2019.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises its employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement during the year ended 31 March 2019. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group also maintains effective communication and develops a long-term trust relationship with its suppliers. During the year ended 31 March 2019, there was no material dispute or disagreement between the Group and its suppliers.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2019 and 2018.

AUDIT COMMITTEE

The terms of reference of the audit committee of the Company (the "Audit Committee") are available at the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee risk management and internal control systems of the Group.

As at the date of this announcement, the Audit Committee consists of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this announcement, including the audited consolidated results of the Group for the year ended 31 March 2019.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

By order of the Board
Season Pacific Holdings Limited
Cheung Lui
Chairman, Chief Executive Officer & Executive Director

Hong Kong, 28 June 2019

As at the date of this announcement, the executive Directors are Mr. Cheung Lui, Mr. Yu Xiu Yang and Ms. Jiang Xinrong, the non-executive Directors are Ms. Chin Ying Ying and Mr. Li Ren; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire.