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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8127)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Season Pacific Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

		For the year ended 31 March	
		2017	2016
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**206,219**	155,933
Cost of sales	*4*	**(152,296)**	(115,070)
Gross profit		**53,923**	40,863
Other income	*3*	**–**	852
Selling expenses	*4*	**(5,669)**	(3,094)
General and administrative expenses	*4*	**(17,692)**	(30,900)
Operating profit		**30,562**	7,721
Finance expenses		**(61)**	–
Profit before income tax		**30,501**	7,721
Income tax expense	*6*	**(5,358)**	(3,582)
Profit and total comprehensive income for the year attributable to owners of the Company		**25,143**	4,139
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	*8*	**2.51**	0.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		As at 31 March	
		2017	2016
	NOTES	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**1,078**	954
Deferred income tax asset		**241**	262
Prepayments and deposits	*10*	**4,713**	5,784
		6,032	7,000
Current assets			
Trade and bills receivables, prepayments and deposits	*10*	**50,861**	15,884
Cash and cash equivalents		**34,016**	29,560
		84,877	45,444
Total assets		**90,909**	52,444
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*11*	**10,000**	10,000
Other reserves		**9,820**	9,820
Retained earnings		**41,552**	16,409
Total equity		**61,372**	36,229
Non-current liability			
Provision for reinstatement cost	*12*	**250**	250
Current liabilities			
Trade, bills and other payables	*12*	**26,147**	14,806
Bank borrowings	*13*	**1,488**	–
Current income tax liabilities		**1,652**	1,159
		29,287	15,965
Total liabilities		**29,537**	16,215
Total equity and liabilities		**90,909**	52,444

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company				
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 April 2015	–	–	10	24,270	24,280
Total comprehensive income					
Profit for the year ended 31 March 2016	–	–	–	4,139	4,139
Transactions with owners in their capacity as owners					
Dividends	**–**	**–**	**–**	**(12,000)**	**(12,000)**
Shares issued upon capitalisation *(Note 11)*	**8,500**	**(8,500)**	**–**	**–**	**–**
Shares issued for placing *(Note 11)*	**1,500**	**21,000**	**–**	**–**	**22,500**
Listing expenses charged to share premium *(Note 11)*	**–**	**(2,690)**	**–**	**–**	**(2,690)**
Total transactions with owners in their capacity of owners	**10,000**	**9,810**	**–**	**(12,000)**	**7,810**
Balance at 31 March 2016 and 1 April 2016	**10,000**	**9,810**	**10**	**16,409**	**36,229**
Total comprehensive income					
Profit for the year ended 31 March 2017	**–**	**–**	**–**	**25,143**	**25,143**
Balance at 31 March 2017	**10,000**	**9,810**	**10**	**41,552**	**61,372**

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 shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited by way of placing (the "Listing") on 7 October 2015.

These 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 all applicable 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 convention.

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 2016:

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

The adoption of these new standards/amendments to standards does not have any significant impact to the results and financial position of the Group.

(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 2016 and have not been early adopted.

HKAS 7 (Amendment)	Statement of Cash Flows — Disclosure [1]
HKAS 12 (Amendment)	Income Taxes — Recognition of Deferred Tax Assets for Unrealised Losses [1]
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions [2]
HKFRS 9	Financial Instruments [2]
HKFRS 10 (Amendment) and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 16	Leases [4]

Notes:

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 To be determined
4 Effective for annual periods beginning on or after 1 January 2019

HKFRS 9, 'Financial Instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has yet to undertake a detailed assessment of the classification and measurement of financial assets. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial instruments: recognition and measurement' and have not been changed.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$4,480,000 (note 21). The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheet. As for the financial performance impact in the consolidated income statement, the operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRS or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 and other income is as follows:

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**206,219**	155,933
Other income		
Service fee income	**–**	852
Total	**206,219**	156,785

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
America	**115,712**	48,491
Middle East	**38,571**	51,857
Europe	**32,983**	46,333
Asia Pacific	**18,115**	7,402
Africa	**838**	1,850
	206,219	155,933

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

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Customer A	**38,111**	27,151
Customer B	**33,392**	42,783
Customer C	**22,276**	1,379
Customer D	**15,634**	21,936

4 EXPENSES BY NATURE

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Cost of goods sold	**145,402**	105,957
Sales commission		
— to a related company	**–**	670
— to third parties	**2,046**	879
Incentive fee *(Note 10)*	**1,000**	46
Depreciation of property, plant and equipment *(Note 9)*	**434**	1,297
Reversal of provision for impairment of trade receivables *(Note 10)*	**–**	(58)
Operating lease rentals in respect of		
— office	**3,262**	3,133
— staff quarter	**758**	758
— car park	**236**	205
Auditors' remuneration		
— Audit services	**1,100**	1,080
— Non-audit services	**–**	–
Design fee	**–**	1,887
Employee benefit expenses *(Note 5)*	**14,184**	13,628
Entertainment and travelling expenses	**1,093**	1,831
Listing expenses	**–**	13,166
Other expenses	**6,142**	4,585
Total cost of sales, selling expenses and general and administrative expenses	**175,657**	149,064

5 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Salaries, bonus and other short-term employee benefits	**13,725**	13,064
Provision for unutilised annual leave	**11**	117
Pension costs — defined contribution plans	**448**	447
	14,184	13,628

6 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong profits tax		
— Current income tax	**5,337**	3,680
— Deferred income tax	**21**	(98)
	5,358	3,582

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands or the People's Republic of China.

7 DIVIDENDS

The Directors do not recommend the payment of a final dividend for the years ended 31 March 2017 and 2016.

8 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 in issue during the years.

	For the year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**25,143**	4,139
Weighted average number of ordinary shares in issue	**1,000,000,000**	920,868,853
Basic earnings per share (HK cents per share)	**2.51**	0.45

(b) Diluted

Diluted earnings per share for the years ended 31 March 2017 and 2016 are equal to the basic earnings per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 March 2017 and 2016.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Computer Equipment *HK$'000*	Fitting and furniture *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Year ended 31 March 2016						
Opening net book value	955	39	421	3	–	1,418
Additions	–	–	101	2	730	833
Depreciation	(955)	(13)	(279)	(1)	(49)	(1,297)
Closing net book value	–	26	243	4	681	954
At 31 March 2016						
Cost	2,826	64	860	6	730	4,486
Accumulated depreciation	(2,826)	(38)	(617)	(2)	(49)	(3,532)
Net book value	–	26	243	4	681	954
Year ended 31 March 2017						
Opening net book value	**–**	**26**	**243**	**4**	**681**	**954**
Additions	**–**	**20**	**10**	**228**	**300**	**558**
Depreciation	**–**	**(16)**	**(179)**	**(33)**	**(206)**	**(434)**
Closing net book value	**–**	**30**	**74**	**199**	**775**	**1,078**
At 31 March 2017						
Cost	**2,826**	**84**	**870**	**234**	**1,030**	**5,044**
Accumulated depreciation	**(2,826)**	**(54)**	**(796)**	**(35)**	**(255)**	**(3,966)**
Net book value	**–**	**30**	**74**	**199**	**775**	**1,078**

Depreciation expenses of HK$434,000 (2016: HK$1,297,000) have been charged to the general and administrative expenses for the year ended 31 March 2017.

10 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Gross trade receivables	**35,336**	9,996
Gross bills receivables	**2,926**	–
	38,262	9,996
Provision for impairment of trade and bills receivables	**–**	–
Trade and bills receivables, net of provision	**38,262**	9,996
Prepaid incentive fee *(Note (a))*	**3,954**	4,954
Advance payment of sales commission	**2,565**	–
Payment in advance to suppliers	**7,674**	4,324
Rental deposits	**1,884**	1,891
Prepayments	**436**	344
Other receivables	**799**	159
Total trade and bills receivables, prepayments and deposits	**55,574**	21,668
Less: Non-current portion		
Long-term portion of prepaid incentive fee	**(2,954)**	(3,954)
Long-term portion of rental deposits	**(1,759)**	(1,830)
	50,861	15,884

Note:

(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. On the commencement date, 15 March 2016, the Group shall pay a sign up and incentive fee to Asian Succeed of HK$5,000,000. This amount was recognised as incentive fee payable to Asian Succeed in the consolidated statement of financial position as it was not paid until April 2016. The prepaid incentive fee is subject to amortisation of five years.

As at 31 March 2017, the Group recognised HK$3,954,000 (2016: HK$4,954,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position and an incentive fee of HK$1,000,000 (2016: HK$46,000) has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2017.

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

The Group's sales are on letters of credit or credit insurance or with credit terms of up to 90 days. The ageing analysis of trade and bills receivables, net of provision, based on due date is as follows:

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Current	**16,364**	3,576
1 to 30 days	**10,970**	3,083
31 to 60 days	**10,457**	916
61 to 90 days	**431**	2,324
Over 90 days	**40**	97
Past due but not impaired	**21,898**	6,420
Total trade and bills receivables, net of provision	**38,262**	9,996

As at 31 March 2017, trade and bills receivables of HK$21,898,000 (2016: HK$6,420,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

As at 31 March 2017 and 2016, no trade and bills receivables were impaired.

Movements on the provision for impairment of trade and bills receivables are as follows:

	HK$'000
At 1 April 2015	58
Reversal of provision for impairment of trade receivables	(58)
At 31 March and 1 April 2016 and 31 March 2017	–

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.

11 SHARE CAPITAL

Authorised share capital

	Number of ordinary shares	**Nominal value of ordinary shares** *HK$*
As at 11 May 2015 (date of incorporation) *(Note (a))*	38,000,000	380,000
Increase in authorised share capital *(Note (c))*	9,962,000,000	99,620,000
As at 31 March 2016 and 31 March 2017	10,000,000,000	100,000,000

Issued and fully paid

	Number of ordinary shares	Nominal value of ordinary shares
		HK$
As at 11 May 2015 (date of incorporation) *(Note (a))*	100	1
Allotment of shares pursuant to the reorganisation steps *(Note (b))*	900	9
Capitalisation of shares *(Note (c))*	849,999,000	8,499,990
Shares issued for placing *(Note (d))*	150,000,000	1,500,000
As at 31 March 2016 and 31 March 2017	1,000,000,000	10,000,000

Notes:

(a) On 11 May 2015, the Company was incorporated in the Cayman Islands with one share allotted and issued at par value of HK$0.01 to a first subscriber, who then transferred the share to Alpha Direct. On the same date, 76, 15 and 8 shares were allotted and issued at its par value of HK$0.01 to Alpha Direct, Success Time Holdings Limited and Wise Manner Limited, respectively.

(b) On 22 September 2015, the Company acquired Trinity Ally Limited from Fine Sight Enterprises Limited, a company wholly owned by Mr. Cheung Lui ("Mr. Cheung") for a consideration of allotting and issuing 900 shares to Fine Sight Enterprises Limited.

(c) On 22 September 2015, the authorised share capital of the Company increased from HK$380,000 to HK$100,000,000 by the creation of additional 9,962,000,000 shares of HK$0.01 each. On the same date, the Company capitalised an amount of HK$8,499,990 by charging to the share premium account of the Company at condition and that the said sum to be applied in paying up in full for 849,999,000 shares. Such shares are allotted and issued, credited as fully paid to the then shareholders of the Company.

(d) In connection with the Company's listing on GEM on 7 October 2015, 150,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.15 per share of the Company for a total consideration of HK$22,500,000 with issuance costs amounted to HK$2,690,000 being charged to share premium. This resulted in share premium of approximately HK$18,310,000.

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

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Trade and bills payable	**15,106**	4,440
Commission payable	**–**	106
Receipts in advance from customers	**7,595**	1,309
Provision for reinstatement cost	**250**	250
Accrued employee benefits expenses	**670**	1,062
Incentive fee payable *(Note 10)*	**–**	5,000
Design fee payable	**–**	1,793
Other accruals and payables	**2,776**	1,096
	26,397	15,056
Less: Non-current portion Provision for reinstatement cost	**(250)**	(250)
	26,147	14,806

Trade and bills payable

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

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Current	**9,872**	3,700
1 to 30 days	**3,168**	145
31 to 60 days	**1,069**	505
61 to 90 days	**456**	46
Over 90 days	**541**	44
Total trade and bills payable	**15,106**	4,440

13 BANK BORROWINGS

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Current bank borrowings	**1,488**	–

At 31 March 2017, the bank borrowings was repayable within 1 year with the average interest rate per annum ranging from 1.94% to 2.74% (2016: Nil). 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 Hong Kong dollar and approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2017, the Group recorded increases in revenue of approximately 32.3%, gross profit of approximately 31.8% and profit and total comprehensive income attributable to owners of the Company of approximately 512.2% as compared with those for the year ended 31 March 2016. To cope with the challenging global business environment, while the Group continuously provided both high quality designs and innovative total supply chain solutions to the customers for relatively higher gross profit margin, it also struck a balance to expand its market share by offering competitive pricing to secure new customers and maintain a growth in revenue. For the year ended 31 March 2017, the Group recorded a slight decrease in gross profit margin in return for the expansion of market share. Although there was a decrease in the Group's gross profit margin, nil listing expense incurred for the year ended 31 March 2017 comparing with approximately HK$13.2 million non-recurring listing expenses incurred for the year ended 31 March 2016, resulted in a significant increase in the profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2017.

In March 2017, one of the subsidiaries of the Company entered into sales contracts with one of the world's largest fashion retailers. Such customer, headquartered in Spain, owns eight brands, including some of the most internationally popular and successful high street brands and has a total number of more than 7,000 retail stores throughout the world. Having built the business relationship with this customer, the Group demonstrated its strong abilities to solicit new customers such as international top fashion chain.

On 7 October 2015, the shares of the Company (the "Share(s)") were successfully listed on GEM by placing (the "Placing"). After deducting all the relevant commission and expenses borne by the Company, there are approximately HK$5.1 million of net proceeds from the Placing. During the period from the date of the Listing to 31 March 2017, approximately HK$2.8 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 section headed "Use of Proceeds" in this announcement.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$206.2 million for the year ended 31 March 2017 from approximately HK$155.9 million for the year ended 31 March 2016, representing an increase of approximately 32.3%. Although some sales to the Middle East and European markets dropped, the Group was able to make a significant growth in sales to the American market and thus resulted in an increase in the Group's total revenue for the year ended 31 March 2017.

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 increased to approximately HK$152.3 million for the year ended 31 March 2017 from approximately HK$115.1 million for the year ended 31 March 2016, representing an increase of approximately 32.3%. The Group's cost of sales increased along with the growth in revenue for the year ended 31 March 2017.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$53.9 million for the year ended 31 March 2017 from approximately HK$40.9 million for the year ended 31 March 2016, representing an increase of approximately 31.8%. The Group's gross profit margin maintained at a steady level of approximately 26.1% for the year ended 31 March 2017 and approximately 26.2% for the year ended 31 March 2016. In order to further expand the Group's market share, the Group offered competitive pricing for greater portion of its sales, which diluted the effect of sales with higher gross profit margin by providing both high quality designs and innovative total supply chain solutions during the year ended 31 March 2017.

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 focused on sourcing new customers. Selling expenses increased to approximately HK$5.7 million for the year ended 31 March 2017 from approximately HK$3.1 million for the year ended 31 March 2016, representing an increase of approximately 83.9%. The increase in the Group's selling expenses was mainly attributable to the additional staff costs paid to a new merchandising team since June 2015 and service fee paid to a new consultant pursuant to a consultancy agreement entered into with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services since March 2016.

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 decreased to approximately HK$17.7 million for the year ended 31 March 2017 from approximately HK$30.9 million for the year ended 31 March 2016, representing a decrease of approximately 42.7%. Such a decrease was mainly due to nil listing expenses incurred for the year ended 31 March 2017, while approximately HK$13.2 million non-recurring listing expenses were incurred for the year ended 31 March 2016.

Finance expenses

For the year ended 31 March 2017, the Group had bank borrowings with average interest rate per annum ranging from 1.94% to 2.74%, while no any bank borrowing for the year ended 31 March 2016.

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$25.1 million for the year ended 31 March 2017 from approximately HK$4.1 million for the year ended 31 March 2016, representing an increase of approximately 512.2%. The increase in profit and total comprehensive income was mainly due to nil listing expense incurred for the year ended 31 March 2017, while approximately HK$13.2 million non-recurring listing expenses incurred for the year ended 31 March 2016, and the increases in sales to the American market and thus the gross profit for the year ended 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2017, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2017 and 2016, the Group had net current assets of approximately HK$55.6 million and HK$29.5 million respectively, including cash and bank balances of approximately HK$34.0 million and HK$29.6 million respectively. The Group's current ratio slightly increased from approximately 2.8 as at 31 March 2016 to approximately 2.9 as at 31 March 2017. Such increase was mainly because of the increases of sales and thus the average balance of trade and bills receivables during the year ended 31 March 2017.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The Group's gearing ratio slightly increased from approximately 0.45 times as at 31 March 2016 to approximately 0.48 times as at 31 March 2017.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the 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.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises and staff quarter. The Group's operating lease commitments amounted to approximately HK$4.5 million and HK$7.1 million as at 31 March 2017 and 2016 respectively. As at 31 March 2017, the Group did not have any significant capital commitments (31 March 2016: nil).

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 11 to the financial statements in this announcement.

SIGNIFICANT INVESTMENTS

As at 31 March 2017 and 2016, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 22 September 2015, the Group completed the reorganisation steps, details of which are set out in the Prospectus. Subsequent to the completion of the reorganisation steps and up to 31 March 2017, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the Prospectus, the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2017 and 2016.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to HK$ and Euro dollars ("EUR"). As at 31 March 2017 and 2016, foreign exchange risk on financial assets and liabilities denominated in EUR was insignificant to the Group. Although the Group's revenue and major expenses are mainly in 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 2017, the Group did not pledge any of its assets (31 March 2016: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017 and 2016, the Group employed a total of 36 and 32 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2017 and 2016, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$14.2 million and HK$13.6 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 discretionary offered to those employees with outstanding performance.

USE OF PROCEEDS

The Shares have been successfully 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. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from 1 October 2015 to 30 June 2018 (the "Period") 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 year ended 31 March 2017.

Business strategies as set out in the Prospectus	**Adjusted allocation of the Actual Net Proceeds**	**Actual use of the Actual Net Proceeds**
	For the year ended 31 March 2017	
	HK$'000	*HK$'000*
Expand the geographical coverage of the Group's customers *(Note 1)*	951	951
Expand the geographical base of the Group's third-party manufacturers	437	330
Further develop the Group's design and development capabilities	673	632
Expand the Group's product types to further cater to customers' needs	524	524
General working capital	*Note 2*	330
Total	2,585	2,767

Notes:

1. 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.

2. There is approximately HK$330,000 for the year ended 31 March 2017.

FUTURE PROSPECTS

In March 2016, the Company entered into a consultancy agreement with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services for a period of five years. With support of such consultant, which has extensive network and immense experience in apparel industry worldwide, and effort of the Group's professional and experienced teams, the Group commenced business with a new customer headquartered in Spain, which owns eight brands, including some of the most internationally popular and successful high street brands and has a total number of more than 7,000 retail stores throughout the world, during the year ended 31 March 2017. The Group is optimistic that such new business relationship will open the door for the Group to many other opportunities with the abovementioned customer and/or its group companies.

During the year ended 31 March 2017, the Group has increased its business in the Americas. It is expected that the Group will continue to develop the business in the Americas, while seeking opportunities to grow business in countries with improving economic outlook. The Group is always ready and able to handle challenges and to grow organically to become a leading total supply chain management company in Hong Kong with full vertical value propositions to its customers from the factory to the consumer whilst maximising return for the shareholders of the Company.

OTHER INFORMATION

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"). No share options have been granted pursuant to the Share Option Scheme since its adoption.

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

For the year ended 31 March 2017, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

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 Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors for the year ended 31 March 2017.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party for the year ended 31 March 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2017 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 of Ms. Mang Ngai and Wise Manner Limited, details of which were set out in the Prospectus has been fully complied and enforced for the year ended 31 March 2017. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the shareholders and the potential investors of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules ("CG Code"). The Shares were listed on GEM on 7 October 2015. Upon Listing, 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 of the Company and enhance the business growth of the Group.

For the year ended 31 March 2017, the Company has complied with all the code provisions as set out in the CG Code except the deviation stated in the following paragraph.

Paragraph 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. However, the Board is of the view that although Mr. Cheung is the chairman and chief executive officer of the Company, 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.

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 for the year ended 31 March 2017.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in 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. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises 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. 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 the suppliers. During the year ended 31 March 2017, there was no material dispute or disagreement between the Group and the suppliers.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 and 2016.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 22 June 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 22 September 2015 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee have been revised on 30 March 2016 to reflect the additional responsibilities of the Audit Committee arising from the Stock Exchange's amendments on risk management and internal control under the Code on Corporate Governance applicable to listed companies with an accounting period beginning on or after 1 January 2016. 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.

The Audit Committee currently consists of three members, namely Mr. Ng Ka Lok (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 the audited consolidated results of the Group for the year ended 31 March 2017.

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

Hong Kong, 18 May 2017

As at the date of this announcement, the executive Directors are Mr. Chak Ka Wai and Mr. Cheung Lui, the non-executive Director is Ms. Chan Hong Nei Connie; and the independent non-executive Directors are Mr. Choi Sheung Jeffrey, Ms. Luk Huen Ling Claire and Mr. Ng Ka Lok.

This announcement will remain on the "Latest Company Announcements" page of the website of GEM (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at www.seasonpacific.com.