

SEASON
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Season Pacific Holdings Limited

雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



2017/2018

ANNUAL REPORT

** For identification purpose only*

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CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, AIA Financial Centre
112 King Fuk Street
San Po Kong
Kowloon
Hong Kong

COMPANY'S WEBSITE

www.seasonpacific.com

EXECUTIVE DIRECTORS

Mr. Cheung Lui (*Chairman and Chief Executive Officer*)
Mr. Chak Ka Wai
Mr. Yu Xiu Yang (*Appointed with effect from 16 May 2018*)

NON-EXECUTIVE DIRECTOR

Ms. Chan Hong Nei Connie (*Resigned with effect from 16 May 2018*)
Ms. Chin Ying Ying (*Appointed with effect from 16 May 2018*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ka Lok (*Resigned with effect from 26 May 2017*)
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire
Mr. Lam Yau Lun (*Appointed with effect from 26 May 2017; resigned with effect from 25 May 2018*)
Mr. Chang Eric Jackson (*Appointed with effect from 25 May 2018*)

COMPANY SECRETARY

Mr. Chak Ka Wai, CPA

AUTHORISED REPRESENTATIVES

Mr. Cheung Lui
Mr. Chak Ka Wai

COMPLIANCE OFFICER

Mr. Cheung Lui

AUDIT COMMITTEE

Mr. Ng Ka Lok (*Chairman*) (*Resigned with effect from 26 May 2017*)
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire
Mr. Lam Yau Lun (*Chairman*) (*Appointed with effect from 26 May 2017; resigned with effect from 25 May 2018*)
Mr. Chang Eric Jackson (*Chairman*) (*Appointed with effect from 25 May 2018*)

REMUNERATION COMMITTEE

Ms. Luk Huen Ling Claire (*Chairlady*)
Mr. Choi Sheung Jeffrey
Mr. Ng Ka Lok (*Resigned with effect from 26 May 2017*)
Mr. Cheung Lui
Ms. Chan Hong Nei Connie (*Resigned with effect from 16 May 2018*)
Ms. Chin Ying Ying (*Appointed with effect from 16 May 2018*)
Mr. Lam Yau Lun (*Appointed with effect from 26 May 2017; resigned with effect from 25 May 2018*)
Mr. Chang Eric Jackson (*Appointed with effect from 25 May 2018*)

NOMINATION COMMITTEE

Mr. Choi Sheung Jeffrey (*Chairman*)
Mr. Ng Ka Lok (*Resigned with effect from 26 May 2017*)
Ms. Luk Huen Ling Claire
Mr. Cheung Lui
Ms. Chan Hong Nei Connie (*Resigned with effect from 16 May 2018*)
Ms. Chin Ying Ying (*Appointed with effect from 16 May 2018*)
Mr. Lam Yau Lun (*Appointed with effect from 26 May 2017; resigned with effect from 25 May 2018*)
Mr. Chang Eric Jackson (*Appointed with effect from 25 May 2018*)

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

STOCK CODE

1709

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of Directors (the "Directors"), I am pleased to present the annual results of Season Pacific Holdings Limited (the "Company") and its subsidiaries collectively, (the "Group") for the year ended 31 March 2018 (the "Year").

The shares of the Company (the "Share(s)") were listed on GEM by way of placing on 7 October 2015 (the "Listing Date") and have been transferred to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 September 2017. The transfer of listing to the Main Board of the Stock Exchange represents a substantial milestone for the Group. Not only does it provide the Company a platform to gain access to one of the world's significant capital markets, but also enhances the Group's reputation and strengthens its corporate governance.

FINANCIAL PERFORMANCE

This Year has been very challenging. The Group has achieved stable financial performance in terms of growth in revenue and gross profit with a decrease in profit and total comprehensive income attributable to owners of the Company; predominantly attributable to the one off non-cash expenses for share-based payment expenses and non-recurring professional fee in relation to the transfer of listing. Our financial performance has been affected by the challenging operating environment by a rise in production costs coupled with uncertainty in relation to trade tariffs from America. Our expansion strategies in terms of growing market share and expanding the European and Asian markets also put pressure on our gross profit margins. Nevertheless, we believe that with our Group's resilient business model and its management and staff's experience, we are well positioned to tackle these difficulties which are expected to be more demanding in the uncertain times ahead.

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 been verified with the continuing sales contracts with one of the world's largest fashion retailers headquartered in Spain (the "New Customer"). The Group expects the business with the New Customer and the relationship will open the door to many other opportunities with this multinational customer with over 7,000 stores throughout the world.

Given the challenging economic outlook, the Group actively targeted and won increased business from markets which were stronger such as Asia and Europe. However with the continuing rise in costs and geo-political pressures arising from the potential trade wars and tariffs from America, maintaining the Group's rate of growth will be challenging. The Group believes that by offering competitive pricing, together with strong relationship management and a comprehensive range of supply chain management total solutions, it can continue to capture market share by providing value added service to customers in whatever region they are based.

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, the Group has the financial and operational capability to handle these 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 (the "Shareholders").

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication during the Year of great challenge. I would also like to express my deep gratitude to all the business partners, customers, suppliers of the Group and the Shareholders for their continuous support.

Season Pacific Holdings Limited

Cheung Lui

Chairman, Chief Executive Officer & Executive Director

Hong Kong, 29 June 2018

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 2018, the Group recorded increases in revenue of approximately 35.5% and gross profit of approximately 1.3% and recorded a decrease in profit and total comprehensive income attributable to owners of the Company of approximately 37.5% as compared with that for the year ended 31 March 2017. Despite the continued challenges in the global business environment, the Group was able to expand its market share by offering competitive pricing to secure new customers and maintain a growth in revenue. The Group is also pleased to present the significant increase in revenue in Europe and Asia Pacific regions by approximately 148% and 146% respectively. In particular, one of the subsidiaries of the Company entered into 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, 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. In relation to the America region, the revenue slightly decreased as compared to that of the year ended 31 March 2017. For the year ended 31 March 2018, the Group recorded a decrease in gross profit margin which was mainly attributable to its strategy to offer competitive pricing in return for the expansion of market share. The decrease in profit and total comprehensive income attributable to owners of the Company by approximately 37.5% was mainly attributable to the share-based payment expenses of approximately HK\$5.3 million and the expenses relating to the transfer of listing of approximately HK\$2.1 million.

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 2018, approximately HK\$4.5 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 AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS" in this annual report.

On 27 September 2017, the Shares were listed on the Main Board of 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Under the Group's strategy to diversify its customer base by growing its business with new customers, capturing greater market share as well as sustaining its existing business, the Group's revenue increased to approximately HK\$279.4 million for the year ended 31 March 2018 from approximately HK\$206.2 million for the year ended 31 March 2017, representing an increase of approximately 35.5%. Although the Group recorded a slight decrease of revenue in the American market during the year ended 31 March 2018, it was able to make a significant growth in sales to the European and Asia Pacific markets compared with those of the year ended 31 March 2017. The Group's sales to its top five customers accounted for approximately 59.4% of the total revenue for the year ended 31 March 2018, with the Group's sales to its largest customer accounting for approximately 13.5% of the total revenue for the year ended 31 March 2018.

In particular, there was a significant increase in sales to European customers which included amongst others, sales to one of the world's largest fashion retailers headquartered in Spain. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the New Customer has owned 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. The Group has continued to solidify its reputation for high quality products and demonstrated its strong abilities to solicit new 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 increased to approximately HK\$224.8 million for the year ended 31 March 2018 from approximately HK\$152.3 million for the year ended 31 March 2017, representing an increase of approximately 47.6%. The increase of the Group's cost of sales was higher than its sales growth during the year ended 31 March 2018 because of its strategy to expand its market share by offering competitive pricing to secure new customers.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$54.6 million for the year ended 31 March 2018 from approximately HK\$53.9 million for the year ended 31 March 2017, representing an increase of approximately 1.3%. The Group's gross profit margin decreased to approximately 19.5% for the year ended 31 March 2018 from approximately 26.1% for the year ended 31 March 2017. The Group offered competitive pricing for greater portion of its sales in order to further expand its market share, which diluted the effect of sales with higher 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 focused on sourcing new customers. Selling expenses increased to approximately HK\$7.4 million for the year ended 31 March 2018 from approximately HK\$5.7 million for the year ended 31 March 2017, representing an increase of approximately 29.8%. The increase in the Group's selling expenses was mainly attributable to increase in the sales commission, salary of selling staff and freight cost.

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\$26.5 million for the year ended 31 March 2018 from approximately HK\$17.7 million for the year ended 31 March 2017, representing an increase of approximately 49.7%. Such significant increase was mainly due to Transfer of Listing expenses and 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 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

For the year ended 31 March 2018, the Group had bank borrowings with average interest rate per annum ranging from 2.29% to 2.74%, while the Group had bank borrowings with average interest rate per annum ranging from 1.94% to 2.74% for the year ended 31 March 2017.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased to approximately HK\$15.7 million for the year ended 31 March 2018 from approximately HK\$25.1 million for the year ended 31 March 2017, representing a decrease of approximately 37.5%. The decrease in profit and total comprehensive income attributable to owners of the Company was mainly due to the 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 2018 and relevant expenses of Transfer of Listing.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2018, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2018 and 2017, the Group had net current assets of approximately HK\$77.8 million and HK\$55.6 million respectively, including cash and bank balances of approximately HK\$42.4 million and HK\$34.0 million respectively. The Group's current ratio slightly increased from approximately 2.9 as at 31 March 2017 to approximately 3.4 as at 31 March 2018. Such increase was mainly because of the increase of sales and the average balance of trade and bills receivables during the year ended 31 March 2018.

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 changed from approximately 0.48 times as at 31 March 2017 to approximately 0.40 times as at 31 March 2018.

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.

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\$10.5 million and HK\$4.5 million as at 31 March 2018 and 2017 respectively. As at 31 March 2018, the Group did not have any significant capital commitments (31 March 2017: nil).

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 18 to the consolidated financial statements in this annual report.

SIGNIFICANT INVESTMENTS

As at 31 March 2018 and 2017, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2018 and 2017.

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 2018 and 2017, 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 2018, the Group did not pledge any of its assets (31 March 2017: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018 and 2017, the Group employed a total of 33 and 36 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 2018 and 2017, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$19.2 million and HK\$14.2 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.

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 2018.

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. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment during the Year.

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 during the Year. 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 2018, there was no material dispute or disagreement between the Group and its suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2018.

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 2018	
	HK\$'000	HK\$'000
Expand the geographical coverage of the Group's customers (Note)	1,587	1,587
Expand the geographical base of the Group's third-party manufacturers	729	622
Further develop the Group's design and development capabilities	1,121	1,080
Expand the Group's product types to further cater to customers' needs	876	876
General working capital	330	330
Total	4,643	4,495

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.

Up to 31 March 2018, there were slight delays in the actual use of the Actual Net Proceeds compared to the adjusted allocation of the Actual Net Proceeds in the expansion of the geographical base of the Group's third-party manufacturers of approximately HK\$107,000 and further development of the Group's design and development capabilities of approximately HK\$41,000. These expansion and further development plans were associated with the increase in headcount. However, as the Group was unable to locate suitable employees during the process, it had resulted in the delays in the actual use of the Actual Net Proceeds as aforementioned.

Save as disclosed above, the Company is of the view that the Group's actual business progress is consistent with the business objectives of the Group as set out in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSEQUENT EVENTS

Reference is made to the announcement of the Company dated 27 April 2018, the Group has granted a total of 60,000,000 share options under the share option scheme of the Company. The exercise price of the share options granted is HK\$0.425 per Share.

Among the share options granted, a total of 20,000,000 share options were granted to the Directors and chief executive of the Company, details of which are set out below:

Name	Position held with the Company	Number of share options granted
Mr. Chak Ka Wai	Chief Financial Officer, Company Secretary and Executive Director	10,000,000
Ms. Luk Huen Ling Claire	Independent non-executive Director	10,000,000
		20,000,000

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 Shares ("Placing Shares") at a placing price of HK\$0.485 per Placing Share to not less than six places.

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. The principal use of net proceeds from the placing amounted to approximately HK\$58.6 million is shown as below:

- (i) approximately 42.7% of the total net proceeds for sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products;
- (ii) approximately 42.7% of the total net proceeds for the enhancement of supply chain management efficiency and capacity, and expansion of sales network; and,
- (iii) approximately 14.6% of the total net proceeds for general working capital purpose.

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, expect continuing sales contracts with one of the world's largest fashion retailers headquartered in Spain. The Group expects the business with the New Customer and the relationship will 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 arising from the potential trade wars and tariffs from America, maintaining our rate of growth will be challenging. The Group believes that by offering competitive pricing, together with strong relationship management and a comprehensive range of supply chain management total solutions, it can continue to capture market share by providing value added service to customers in whatever region they are based.

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, the Group has the financial and operational capability to handle these 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheung Lui (張雷) (“Mr. Cheung”), aged 46, founded the Group in February 2013. He was appointed as the Company’s chairman, chief executive officer and re-designated as an executive Director on 5 June 2015 and is primarily responsible for the overall corporate strategies and management of the Group. Mr. Cheung graduated from The University of Hong Kong with a bachelor’s degree in economics in November 1995. Mr. Cheung spent approximately 10 years in the banking sector and over 10 years in the garment industry where he gained extensive experience in management skills and knowledge of garment business.

Mr. Cheung has a wealth of experience in banking from his previous role as relationship manager in the commercial banking division at The Hongkong and Shanghai Banking Corporation Limited where his experiences and responsibilities included overseeing credit and trade finance facility arrangements to corporate clients.

Following his role at The Hongkong and Shanghai Banking Corporation Limited, Mr. Cheung moved into the garment industry and joined HTP Group Limited as chief financial officer and was responsible for overseeing the finance, accounting and human resources of the company. In January 2006, his employment was subsequently transferred to a related company, HTP Sourcing Limited (currently known as OSG Sourcing Limited). In January 2010, he was further promoted to vice president, responsible for managing merchandising, design and operation team as well as business development of the company. Subsequent to the acquisition of the business of HTP Sourcing Limited in June 2010 by one of Hong Kong’s largest sourcing group in Hong Kong, (the “Sourcing Group”) principally engaged in trading, logistic and distribution of consumer products, Mr. Cheung was transferred to a subsidiary of the Sourcing Group serving as divisional merchandise manager until June 2013 before joining the Group.

Please refer to the paragraph headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” in the “Report of the Directors” in this annual report for Mr. Cheung’s interest in the Shares as at 31 March 2018 which would fall to be disclosed to the Company under provisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Mr. Chak Ka Wai (翟家偉) (“Mr. Chak”), aged 46, was appointed as an executive Director on 1 June 2015. He joined the Group in June 2013 as financial controller and was promoted to chief financial officer on 1 August 2015. He is primarily responsible for the overall financial accounting and reporting, corporate finance and company secretarial matters of the Group. Mr. Chak obtained a bachelor’s degree in finance from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in December 1994. He was subsequently awarded a postgraduate diploma in professional accounting and a master’s degree in professional accounting and information systems in November 1998 and November 2005 respectively. In July 2003, he became a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chak continued to pursue education by completing various short-term courses, including “中國最新涉外稅法與實務” in March 2006, “中國財務會計核算制度與操作實務” in July 2006, and “中國最新勞工法例與人力資源管理” in July 2013 from the School of Professional Education and Executive Development of The Hong Kong Polytechnic University and a continuing education diploma in advanced taxation and tax planning a course offered by the School of Continuing and Professional Education, the City University of Hong Kong in collaboration with The Taxation Institute of Hong Kong in August 2008. Mr. Chak has over 21 years of accounting experience. He started working as a management trainee in the accounts department of Logic Office Supplies Ltd in July 1994 and was promoted to analyst in April 1995, responsible for management reporting. He was further promoted to MIS officer of the MIS Department, responsible for sales reporting until he left in May 1997. He then joined the finance department of Mattel Asia Pacific Sourcing Limited in May 1997 as assistant management accountant and was subsequently promoted to accountant in October 2000 until he left in March 2001. From March 2001, Mr. Chak worked for J. V. Fitness Limited initially as assistant accountant and was promoted to accountant in March 2003 and then to financial analyst in January 2005 for the regions, including Hong Kong, Taiwan, Singapore and Malaysia until October 2006. Since then, Mr. Chak worked for several garment-related companies, including HTP Sourcing Limited as senior accountant from October 2006 to September 2007 and Burberry Asia Limited as assistant accounting manager from September 2007 to February 2008. Immediately before joining the Group in June 2013, Mr. Chak worked for Z Brand International Limited as finance manager from February 2008 and was promoted to financial controller in June 2009. His employment was transferred to the Sourcing Group Subsidiary, in July 2010 as manager (operations).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu Xiu Yang (于秀陽) (“Mr. Yu”), aged 63, was appointed as an executive Director with effect from 16 May 2018. Mr. Yu is a lawyer in the People’s Republic of China with a bachelor degree. Mr. Yu graduated from the Faculty of Law at Shanghai University in 1988, and worked as the member of the Legal Publicity Division of Shanghai Bureau of Justice, the head of the research department of the Shanghai Law Society and the associate editor of Shanghai Journal of Legal Studies in 1997. In 2003, Mr. Yu founded Sunglow Elite Law Firm and serves as the Head of the firm. Mr. Yu was elected as executive director of Glorious Property Holdings Limited (Stock Code: 845), a company listed on the Main Board of the Stock Exchange from May 2011 until his retirement in 2014. He is currently serving as the Head of Sunglow Elite Law Firm. Mr. Yu also serves as an independent non-executive director of Shenzhen Mingwah Aohan High Technology Corporation Limited (Stock Code: 8301), a company listed on the GEM of the Stock Exchange, since September 2015.

NON-EXECUTIVE DIRECTOR

Ms. Chan Hong Nei Connie (陳康妮) (“Ms. Chan”), aged 36, was appointed as a non-executive Director on 1 June 2015 and resigned with effect from 16 May 2018. Ms. Chan obtained a bachelor’s degree in accountancy from The City University of Hong Kong in November 2005. Ms. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since September 2010. Ms. Chan has approximately 11 years of experience in accounting, auditing and corporate finance. She joined Deloitte Touche Tohmatsu, an international accounting firm in August 2005 initially as staff accountant and was promoted to associate in September 2006, to senior associate in October 2007 and finally to manager in October 2010 until she left in December 2010. She then worked in Quam Capital Limited from December 2010 to February 2014 and her last position held was manager of finance advisory department. She was mainly responsible for the provision of advisory services to enterprises in Hong Kong and the People’s Republic of China, including initial public offerings on the GEM and on the Main Board of the Stock Exchange, takeovers, disposals and acquisitions of assets and corporate restructuring of listed companies. Ms. Chan was appointed as chief financial officer and executive director of Roma Group Limited (stock code: 8072), responsible for overseeing accounting and finance of the group in February 2014 and April 2017 respectively, and resigned with effect from 1 June 2018.

Ms. Chin Ying Ying (錢盈盈) (“Ms. Chin”), aged 30, was appointed as a non-executive Director with effect from 16 May 2018. Ms. Chin is a member of the Hong Kong Institute of Certified Public Accountants. She has more than 8 years experiences in accounting and audit related experience and is currently an internal auditor of Roma Group Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8072) since 2017. Ms. Chin graduated from The Hong Kong Polytechnic University in 2009 with a BBA (Hons) in Accountancy with First-class honours.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ka Lok (吳家樂) (“Mr. Ng”), aged 43, was appointed as an independent non-executive Director on 22 September 2015 and resigned with effect from 26 May 2017. Mr. Ng received tertiary education in Australia where he obtained a master’s degree in finance from Curtin University of Technology in September 2006 and a master’s degree in business administration from the University of Adelaide in July 2007. He is a practising member of the Hong Kong Institute of Certified Public Accountants and has been a certified practising accountant of CPA Australia since July 2005. He has also been a member of The Society of Chinese Accountants and Auditors since June 2014. He has over 19 years of auditing and accounting experience. From October 1996 to October 1999, Mr. Ng worked at K.L. Lee and Partners CPA Limited as auditor, responsible for performing audit, taxation, accounting and advisory services. From September 2000 to November 2002, he worked as chief accountant at Town Sky International Ltd., responsible for coordinating an accounting team located in the PRC and Hong Kong as well as performing accounting duties. Between December 2004 and January 2006, he also worked at the Financial Management Branch of The Treasury of the Government of the HKSAR as an accounting assistant. In February 2006, Mr. Ng joined ANDA CPA Limited (currently known as ZHONGHUI ANDA CPA Limited) as manager and was promoted to a partner of the Audit, Assurance and Risk Advisory division in March 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Choi Sheung Jeffrey (蔡湘) (“Mr. Choi”), aged 47 was appointed as an independent non-executive Director on 22 September 2015. Mr. Choi obtained a bachelor’s degree in business administration from the National University of Singapore in June 1993. He was qualified as a chartered financial analyst with the Association for Investment Management and Research in September 2002. In December 2005, he further attained a master’s degree in business administration from The Chinese University of Hong Kong. Mr. Choi has approximately 21 years of experience in business development and financial controlling. He joined Siemens Limited as business administrator in August 1996, responsible for setting up the Hong Kong office as the regional headquarter for Siemens Nixdorf division and was promoted to assistant controller in December 1996, responsible for planning, budgeting, reporting and forecasting for Siemens Nixdorf division in Asia Pacific region and was further promoted to senior commercial officer in June 1998, responsible for project budgeting, planning, controlling and joint ventures of Siemens Nixdorf operations in China until he left the company in January 2000. From January 2000 to August 2003, he worked at BEA Systems (HK) Limited as a controller of North Asia, responsible for all financial, accounting, treasury, tax, compliance and facilities related matters in the region and to set up Hong Kong office as the regional head office and shared accounting service centre for the region. From August 2003 to March 2004, Mr. Choi worked at Borland Singapore Pte Limited as finance director of Asia Pacific. His employment was transferred to the Hong Kong office under Borland (Hong Kong) Ltd. in April 2004 until he left the company in April 2006. From May 2006 to October 2006, he worked at NVIDIA (Singapore) Limited as business operation director of Asia Pacific, responsible for leading sales administration teams in Greater China and Korea as well as enhancing operational efficiency of the teams, resource management, forecasting, order status tracking and expediting, resolution of invoicing disputes and sales reporting. From October 2006 to December 2007, he worked at Experian (Hong Kong) Limited as regional head of finance of Asia Pacific, responsible for meeting business targets, reviewing and presenting investment opportunities to the investment committee and the board of directors, deal structuring and execution of mergers and acquisitions (“M&As”) opportunities and post-acquisition integration. Since April 2008, Mr. Choi has been the chief financial officer of Sinogold Holdings Limited, responsible for all accounting, finance, treasury, tax and M&As related matters.

Ms. Luk Huen Ling Claire (陸萱凌) (formerly known as: Luk Yung Yung Claire) (“Ms. Luk”), aged 40, was appointed as an independent non-executive Director on 22 September 2015. She obtained a bachelor’s degree in fine arts from the Hong Kong Academy for Performing Arts in July 2003 and a master’s degree of business in marketing from the University of Technology, Sydney, Australia in March 2010. Ms. Luk has over 11 years of experience in corporate communications and marketing. She worked as head of communications, Asia at Aedas Limited between March 2010 and December 2010. From November 2006 to May 2008 she worked as a wardrobe manager at the Ocean Park, one of the largest theme parks in Hong Kong where she was responsible for sections strategic planning, administration and management of all wardrobe staff. In addition, Ms. Luk also gained experiences in marketing, business development and investor relation activities in previous engagements. She joined Roma Group Limited (stock code: 8072) as a senior consultant in December 2008 and became marketing director of the group in February 2011. In November 2014, Ms. Luk founded ST8GE Group Limited, a company specialising in corporate training and team building. Ms. Luk was appointed as an independent non-executive director of China Bio Cassava Holdings Limited (currently known as “Cloud Investment Holdings Limited”) (Stock Code: 8129) in February 2017 and resigned on April 2017.

Mr. Lam Yau Lun (林猷麟) (“Mr. Lam”), aged 35, was appointed as an independent non-executive Director on 26 May 2017 and resigned with effect from 25 May 2018. Mr. Lam has over 13 years of experience in the field of investment banking, corporate finance, auditing and accounting. He joined Deloitte & Touche Corporate Finance Limited in 2012 with last position as Associate Director until 2015. The key responsibility is to lead a team of professionals in deal origination and providing advisory services related to acquisitions, divestitures, fund raising and corporate restructuring. Mr. Lam was a senior manager of a Fortune Global 500 corporation, which is in lead in the food and drug retail industry in Canada. He was responsible for financial reporting and financial planning and analysis.

Mr. Lam holds a bachelor’s degree in business administration majoring in accounting and economics from The Hong Kong University of Science and Technology. He also obtained master’s degrees in business administration from both HEC Paris and The Chinese University of Hong Kong. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a chartered professional accountant and chartered accountant under Chartered Professional Accountants of Ontario in Canada.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chang Eric Jackson (張世澤) (“Mr. Chang”), aged 38, was appointed as an independent non-executive Director with effect from 25 May 2018. Mr. Chang received his bachelor of commerce degree from the University of British Columbia in May 2002. Mr. Chang worked at PricewaterhouseCoopers Ltd. during the period from September 2002 to September 2013 and his last position there was senior manager. During the period from October 2013 to July 2015, Mr. Chang was the chief financial officer of a property development company. Mr. Chang is a member of the Hong Kong Institute of Certified Public Accountants and also a registered member of the American Institute of Certified Public Accountants.

Mr. Chang is (i) the non-executive director of Sino Vision Worldwide Holdings Limited (Stock Code: 8086), the issued shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); (ii) the independent non-executive director of Transmit Entertainment Limited (Stock Code: 1326), the issued shares of which are listed on the Main Board of the Stock Exchange; and (iii) the company secretary and chief financial officer of China Tangshang Holdings Limited (Stock Code: 674), the issued shares of which are listed on the Main Board of the Stock Exchange. During the period from July 2015 to March 2017, Mr. Chang served various roles in ZH International Holdings Limited (Stock Code: 185), the issued shares of which are listed on the Main Board of the Stock Exchange. Such roles included executive director, the joint company secretary and the chief financial officer of ZH International Holdings Limited.

SENIOR MANAGEMENT

Ms. Mang Ngai (孟毅) (“Ms. Mang”), aged 55, has numerous years of work experience in the garment industry including design, product development, sourcing and manufacturing of garment products. Ms. Mang had set up and worked in several garment related companies since 1992, such as HTP Group Limited, HTP Sourcing Limited and the Sourcing Group. Ms. Mang’s extensive experience spans the entire vertical of the supply chain industry including licensing and managing various well-known international brands. Ms. Mang joined the Group in June 2015 as chief operating officer and is primarily responsible for the sales and marketing activities of the Group and continue to be responsible for offering advice on industry trends and assisting the Group in expanding its customer base.

Mr. David Reali (“Mr. Reali”), aged 47, joined the Group in June 2014 as chief designer. He obtained a diploma in art from Leon Battista Alberti, an art school in Florence, Italy in July 2002. Mr. Reali started working as a teen and has numerous years of work experience in the garment industry in Italy. From June 1987 to June 1991, he worked at Nuova Fotoincisione Pratese S.r.l. as textile designer, responsible for graphics for fabric printing, from sketches to colour decomposition and construction of printing facilities. From January 1991 to January 2001, he worked at Roto Tex S.r.l. as head designer and product manager, responsible for the development of graphics for continuous fabric printing from sketch to technical production of prints. Since January 2001 and until September 2006, he worked in the same company as a freelancer. Mr. Reali had gained extensive experience from freelancing between 2001 and 2011 through collaboration with various Italian designer studios, including Nastrificio Fiorentino S.r.l., Industrie W Style Studio and B&K Design Studio S.r.l. where he was mainly responsible for product development, conducting research in materials and trends as well as presenting at trade shows. From September 2006 to August 2011, he worked at P.F.C.M.N.A. S.p.A as a freelance product manager and style support, responsible for handling collections including research, development of first prototypes, production of salesman samples in Italy and in various production platforms such as Turkey, China and India. From December 2011 to December 2013, he moved to China and worked at Kinder Enterprise (China) Limited under a service contract, responsible for consulting and exporting for children garments.

Ms. Lam Lai Mui (林麗妹) (“Ms. Lam”), aged 50, joined the Group in June 2013 as logistics manager and is primarily responsible for overseeing the logistics of all customer orders such as monitoring customer payment schedules, preparing packing lists and coordinating product shipments. Ms. Lam has numerous years of shipping and logistics experience. From April 1991 to September 1994, she worked at Victory & Company, a garment trading company, as senior shipping clerk responsible for logistic arrangements. From September 1994 to April 1995, she was employed by Top Gate Trading Limited, a garment trading company, as senior clerk, responsible for handling full set billing and bank documents. Ms. Lam worked for HTP Sourcing Limited as shipping manager since April 1995 and her employment was transferred to a subsidiary of the Sourcing Group, in July 2010 subsequent to the Acquisition in June 2010. During the time, she was manager in logistics services from July 2010 to March 2011 and manager in operations from April 2011 to June 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Ho Mei Yee (何美儀) (“Ms. Ho”), aged 48, joined the Group in June 2013 as merchandise manager and was transferred to product development manager in April 2014, primarily responsible for handling matters in respect of European and US labels. She was awarded a higher certificate in apparel merchandising in November 1994 by the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University). Ms. Ho has numerous years of product development and merchandising experience. In June 1987, she joined Mexx Far East Limited as production assistant and was promoted to assistant merchandiser in March 1989 and was finally transferred as junior merchandiser in August 1994 until she left in June 1997. From June 1997, Ms. Ho worked at HTP Group Limited as merchandiser and was promoted to merchandising manager in February 2004. In January 2006, her employment was transferred to HTP Sourcing Limited, a related company, due to job reallocation. In July 2010, her employment was further transferred to a subsidiary of the Sourcing Group, where she was merchandise manager between July 2010 and June 2013.

CORPORATE GOVERNANCE REPORT

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 Rules Governing the Listing of Securities on the Stock Exchange (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 in the paragraphs headed "Chairman and Chief Executive Officer" in this corporate governance report, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2018.

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 2018.

BOARD OF DIRECTORS

For the year ended 31 March 2018, the Board consisted of:

Executive Directors

Mr. Cheung Lui (*Chairman and Chief Executive Officer*)
Mr. Chak Ka Wai

Non-executive Director

Ms. Chan Hong Nei Connie (*resigned with effect from 16 May 2018*)

Independent non-executive Directors

Mr. Ng Ka Lok (*resigned with effect from 26 May 2017*)
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire
Mr. Lam Yau Lun (*appointed with effect from 26 May 2017;*
resigned with effect from 25 May 2018)

There was no relationship (including financial, business, family or other material/relevant relationship) among the Directors.

The Company has received from each of the independent non-executive Directors his/her annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and accordingly the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

For the year ended 31 March 2018, a total of five Board meetings were held. The attendance records of each Director in relation to the Board meetings are set out in the table below:

Name of Directors	Board meeting attended/eligible to attend	General meeting attended/eligible to attend
Mr. Cheung Lui	5/5	1/1
Mr. Chak Ka Wai	5/5	1/1
Ms. Chan Hong Nei Connie (<i>resigned with effect from 16 May 2018</i>)	4/5	1/1
Mr. Ng Ka Lok (<i>resigned with effect from 26 May 2017</i>)	1/1	0/0
Mr. Choi Sheung Jeffrey	5/5	0/1
Ms. Luk Huen Ling Claire	5/5	0/1
Mr. Lam Yau Lun (<i>appointed with effect from 26 May 2017;</i> <i>resigned with effect from 25 May 2018</i>)	3/3	0/1

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF THE BOARD

The Board is responsible for maintaining leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies; authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; and setting the Group's values and standards. The day-to-day management, administration and operation of the Group are delegated to the executive Directors. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

For the year ended 31 March 2018, the Company had a minimum of three independent non-executive Directors and at all times met the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance function such as (i) developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of the Directors and senior management of the Company, and (ii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and developing, reviewing and monitoring the code of conduct of the Directors, etc.

The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Draft minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The company secretary of the Company is responsible for keeping the minutes of all meetings of the Board and the Company's committees.

Every Board member has full access to the advice and services of the company secretary of the Company with a view to ensuring that all required procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 2018, Mr. Cheung Lui 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 conducive 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.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The articles of association of the Company (the “Articles”) provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. The term of appointment of the independent non-executive Directors is set out in the section headed “Directors’ Service Contracts/Appointment Letters” in this annual report. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence and must provide an annual confirmation of his/her independence to the Company.

PROFESSIONAL DEVELOPMENT

To assist Directors’ continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. During the year ended 31 March 2018, all Directors, namely Mr. Cheung Lui, Mr. Chak Ka Wai, Ms. Chan Hong Nei Connie (resigned with effect from 16 May 2018), Mr. Ng Ka Lok (resigned with effect from 26 May 2017), Mr. Lam Yau Lun (appointed with effect from 26 May 2017; resigned with effect from 25 May 2018), Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire had participated in continuous professional development programmes such as external seminars organised by qualified professional, to develop and refresh their knowledge and skills in relation to their contribution to the Board.

All Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 22 September 2015. The terms of reference of 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.

For the year ended 31 March 2018, the Audit Committee consisted of three members, namely Mr. Ng Ka Lok (chairman of the Audit Committee) (resigned with effect from 26 May 2017), Mr. Lam Yau Lun (chairman of the Audit Committee) (appointed with effect from 26 May 2017; resigned with effect from 25 May 2018), 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 annual report, including the audited consolidated results of the Group for the year ended 31 March 2018.

CORPORATE GOVERNANCE REPORT

According to the current terms of reference, the Audit Committee shall meet at least two times for a financial year. Three meetings were held by the Audit Committee for the year ended 31 March 2018 and during the meetings, the Audit Committee reviewed the unaudited interim and quarterly results as well as the audited annual results of the Group. The record of attendance of each member of the Audit Committee is set out below:

Name of members of the Audit Committee	Meeting attended/ eligible to attend
Mr. Ng Ka Lok (<i>Chairman</i>) (<i>resigned with effect from 26 May 2017</i>)	1/1
Mr. Lam Yau Lun (<i>Chairman</i>) (<i>appointed with effect from 26 May 2017; resigned with effect from 25 May 2018</i>)	2/2
Mr. Choi Sheung Jeffrey	3/3
Ms. Luk Huen Ling Claire	3/3

The Group's internal control system is reviewed regularly by management. With the view of enhancing the Group's internal control system, during the year ended 31 March 2018, the Company had appointed an independent consultant to review the Group's internal control system and recommend actions to improve the Group's internal controls.

Based on the review, the Audit Committee is of the view that the Group's internal control system was generally effective and in compliance with the requirements of Code Provision C.2.1 of the CG Code for the year ended 31 March 2018 in all material respects, provided that the control on dissemination of inside information and use of financial resources could be further enhanced.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 22 September 2015. For the year ended 31 March 2018, it consisted of five members, namely Ms. Luk Huen Ling Claire (Chairlady of the Remuneration Committee), Mr. Choi Sheung Jeffrey, Mr. Ng Ka Lok (resigned with effect from 26 May 2017) and Mr. Lam Yau Lun (appointed with effect from 26 May 2017; resigned with effect from 25 May 2018), all being independent non-executive Directors; Mr. Cheung Lui, being an executive Director; and Ms. Chan Hong Nei Connie, being a non-executive Director (resigned with effect from 16 May 2018). The terms of reference of the Remuneration Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance-based remuneration; and ensure none of the Directors determine their own remuneration.

Three meetings were held by the Remuneration Committee for the year ended 31 March 2018. The record of attendance of each member of the Remuneration Committee is set out below:

Name of members of the Remuneration Committee	Meeting attended/ eligible to attend
Ms. Luk Huen Ling Claire (<i>Chairlady</i>)	3/3
Mr. Cheung Lui	3/3
Ms. Chan Hong Nei Connie (<i>resigned with effect from 16 May 2018</i>)	2/3
Mr. Ng Ka Lok (<i>resigned with effect from 26 May 2017</i>)	1/1
Mr. Lam Yau Lun (<i>appointed with effect from 26 May 2017; resigned with effect from 25 May 2018</i>)	1/1
Mr. Choi Sheung Jeffrey	3/3

Details of emoluments of the Directors and the chief operating officer of the Group for the year ended 31 March 2018 are set out in note 7 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 22 September 2015. For the year ended 31 March 2018, it consisted of five members including Mr. Choi Sheung Jeffrey (the Chairman of the Nomination Committee), Mr. Ng Ka Lok (resigned with effect from 26 May 2017), Ms. Luk Huen Ling Claire and Mr. Lam Yau Lun (appointed with effect from 26 May 2017; resigned with effect from 25 May 2018), all being independent non-executive Directors; Mr. Cheung Lui, being an executive Director; and Ms. Chan Hong Nei Connie, being a non-executive Director (resigned with effect from 16 May 2018). The terms of reference of the Nomination Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Nomination Committee are to review the structure, size and diversity of the Board at least annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on matters relating to the appointment and/or re-appointment of directors. Upon the establishment of the Nomination Committee, the Board has adopted a policy of diversity of the Board. Accordingly, selection of Board members should be based on a range of diversified perspectives, including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

Two meetings were held by the Nomination Committee for the year ended 31 March 2018. The record of attendance of each member of the Nomination Committee is set out below:

Name of members of the Nomination Committee	Meeting attended/ eligible to attend
Mr. Choi Sheung Jeffrey (<i>Chairman</i>)	2/2
Mr. Cheung Lui	2/2
Ms. Chan Hong Nei Connie (<i>resigned with effect from 16 May 2018</i>)	1/2
Mr. Ng Ka Lok (<i>resigned with effect from 26 May 2017</i>)	1/1
Mr. Lam Yau Lun (<i>appointed with effect from 26 May 2017; resigned with effect from 25 May 2018</i>)	0/0
Ms. Luk Huen Ling Claire	2/2

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error. The responsibility of the external auditor is to form an independent opinion, based on their audit, on the Group's consolidated financial statements prepared by the Directors and to report its opinion to the Shareholders. A statement by the auditor about their reporting responsibility is set out in the independent auditor's report in this annual report.

Risk Management and Internal Control

The Group emphasises the importance of a sound internal control system which is also indispensable for mitigating the Group's key risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and shareholders' interests. For the year ended 31 March 2018, the Company has reviewed the risk management and internal control system of the Group and has provided written reports to the Audit Committee. Accordingly, the Company considered that the risk management and internal control systems of the Group are effective and adequate.

CORPORATE GOVERNANCE REPORT

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the independent consultant, as an internal audit function, assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control system for the year ended 31 March 2018, covering the material financial, operational and compliance controls, which are considered effective and adequate.

The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions on an annual basis.

AUDITOR'S REMUNERATION

For the year ended 31 March 2018, the fees paid/payable to the Company's auditor is set out as follows:

Services rendered	Fee paid/payable (HK\$'000)
Audit services	1,150
Non-audit services in relation to Transfer of Listing	280
	1,430

COMPANY SECRETARY

Mr. Chak Ka Wai, an executive Director and the chief financial officer of the Company, was appointed as company secretary of the Company (the "Company Secretary") on 5 June 2015. The biographical details of Mr. Chak are disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report. For the year ended 31 March 2018, the Company Secretary undertook not less than 15 hours of professional training to update his skills and knowledge.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more member(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

CORPORATE GOVERNANCE REPORT

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM is at least 14 clear day's notice in writing (and not less than 10 clear business days).

RIGHT TO SEND ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to ir@season.com.hk for the attention of the Company Secretary.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to Article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the head office or the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@season.com.hk. The identity of the Shareholder will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is made by a Shareholder and such request is proper and in order, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

1. notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;
2. notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an EGM.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting; the annual and interim reports; notices; announcements, circulars, memorandum and articles of association on the Company's website at www.seasonpacific.com.

For the year ended 31 March 2018, there had been no significant change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 20 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2018.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2018 are set out in the Group's consolidated statement of comprehensive income on page 35 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (31 March 2017: Nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the year ended 31 March 2018, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations that have a significant impact on the Company, environmental policy and performance and relationships with stakeholders that have a significant impact on the Company are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Prospects" of this annual report. Save as disclosed in this annual report, since the end of the year ended 31 March 2018, no important event affecting the Group has occurred.

The Group's business is subject to the risks related to extreme changes in weather conditions and seasonality trends. Besides, it greatly relies on the Group's management team to operate and also the sales representatives for introduction of new customers and business opportunities to the Group.

FINANCIAL HIGHLIGHTS

Financial highlights of the Group are set out on page 72 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 March 2018 are set out in note 18 to the consolidated financial statements of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer its new shares on a pro rata basis to existing Shareholders.

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

For the year ended 31 March 2018, the Company or any of its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

EQUITY LINKED AGREEMENT

No equity-linked agreement was entered into by the Group; or existed during the year ended 31 March 2018.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2018 are set out in note 26 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 37 of this annual report respectively.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

For the year ended 31 March 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$12.4 million. Such amount represented other reserves after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2018, the Group's largest and five largest customers represented approximately 14% and 59% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 16% and 49% of the Group's total purchases respectively.

None of the Directors nor any of their close associates (as defined in the Listing Rules) nor any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2018.

DIRECTORS

During the year ended 31 March 2018 and up to the date of this annual report, the Directors were as the followings:

Executive Directors

Mr. Cheung Lui (*Chairman and Chief Executive Officer*)

Mr. Chak Ka Wai

Mr. Yu Xiu Yang (*appointed with effect from 16 May 2018*)

Non-executive Directors

Ms. Chan Hong Nei Connie (*resigned with effect from 16 May 2018*)

Ms. Chin Ying Ying (*appointed with effect from 16 May 2018*)

Independent non-executive Directors

Mr. Ng Ka Lok (*resigned with effect from 26 May 2017*)

Mr. Choi Sheung Jeffrey

Ms. Luk Huen Ling Claire

Mr. Lam Yau Lun (*appointed with effect from 26 May 2017; resigned with effect from 25 May 2018*)

Mr. Chang Eric Jackson (*appointed with effect from 25 May 2018*)

According to article 84(1) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Cheung Lui, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire will retire as Directors and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company ("AGM").

According to article 83(3) of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at such meeting. Mr. Yu Xiu Yang (who was appointed by the Board as executive Director with effect from 16 May 2018), Ms. Chin Ying Ying (who was appointed by the Board as non-executive Director with effect from 16 May 2018) and Mr. Chang Eric Jackson (who was appointed by the Board as independent non-executive Director with effect from 25 May 2018) will retire as Directors and, being eligible, offer themselves for re-election as Directors at the AGM.

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS/APPOINTMENT LETTERS

Each of the executive Directors has entered into a service contract with the Company. The respective service agreement of each of Mr. Cheung Lui and Mr. Chak Ka Wai, both being executive Directors, is for an initial term of three years with effect from 7 October 2015 and shall continue thereafter unless and until it is terminated by the Company or the executive Directors giving to the other not less than three months' prior notice in writing. The service agreement of Mr. Yu Xiu Yang, an executive Director, is for an initial term of three years commencing from 16 May 2018 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Ms. Chan Hong Nei Connie, being a non-executive Director until her resignation with effect from 16 May 2018, entered into a letter of appointment with the Company on 16 June 2015 for an initial term of three years commencing from 1 June 2015, and each of Mr. Ng Ka Lok (resigned with effect from 26 May 2017), Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire, all being independent non-executive Directors, entered into a letter of appointment with the Company on 22 September 2015 for an initial term of three years commencing from 7 October 2015, all of which shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

Mr. Lam Yau Lun, being an independent non-executive Director with effect from 26 May 2017 and resigned with effect from 25 May 2018, entered into a letter of appointment with the Company for an initial term of one year commencing from 26 May 2017 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Ms. Chin Ying Ying, being a non-executive Director with effect from 16 May 2018, entered into a service agreement with the Company for an initial term of three years commencing from 16 May 2018 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Mr. Chang Eric Jackson being an independent non-executive Director with effect from 25 May 2018, entered into a letter of appointment with the Company for an initial term of three years commencing from 25 May 2018 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Save as disclosed above, no Director proposed for re-election at the AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company, which were not contract of service with any Director or any person engaged in full time employment of the Company, was entered into or existed for the year ended 31 March 2018.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined by reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company adopted a share option scheme and would consider to grant share options as incentive to any eligible personnel of the Group from time to time as appropriate. Please refer to the section headed "Report of the Directors — Share Option Scheme" of this annual report for further details of the share option scheme.

REPORT OF THE DIRECTORS

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of persons for the year ended 31 March 2018 are set out below:

Remuneration bands	Number of persons
HK\$0 to HK\$1,000,000	3
HK\$2,000,001 to HK\$3,000,000	1

Further details of Directors' remuneration and the five highest paid employees are set out in note 7 to the consolidated financial statements.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time for the year ended 31 March 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director(s)	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company (Note 1)
Mr. Cheung	Interest of controlled corporation	554,500,000 (Note 2)	55.45%
	Beneficial owner	10,000,000 (Note 3)	1.00%
Ms. Chan	Beneficial owner	10,000,000 (Note 3)	1.00%

Notes:

- Based on the total number of issued Shares as at 31 March 2018.
- These 554,500,000 Shares were registered in the name of Alpha Direct Investments Limited ("Alpha Direct"). Mr. Cheung held 100% of the entire issued share capital of Alpha Direct and was deemed to be interested in the 554,500,000 Shares held by Alpha Direct pursuant to the SFO.
- These 10,000,000 Shares represented the share options granted to each of Mr. Cheung and Ms. Chan pursuant to the share option scheme of the Company.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2018, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company (Note 1)
Alpha Direct	Beneficial owner	554,500,000	55.45%
Ms. Ngan Shui Ling Crystal	Interest of spouse (Note 2)	564,500,000	56.45%
Wise Manner Limited	Beneficial owner (Note 3)	68,000,000	6.80%
Ms. Mang	Interest in controlled corporation (Note 3)	68,000,000	6.80%
	Beneficial owner (Note 3)	10,000,000	1.00%

Notes:

1. Based on the total number of issued Shares as at 31 March 2018.
2. Ms. Ngan Shui Ling Crystal was the spouse of Mr. Cheung. By virtue of the SFO, she was deemed to be interested in all the Shares held by Mr. Cheung.
3. Ms. Mang held 100% of the entire issued share capital of Wise Manner Limited and therefore was deemed to be interested in the 68,000,000 Shares held by Wise Manner Limited. The 10,000,000 Shares beneficially owned by Ms. Mang represented the share options granted to her pursuant to the share option scheme of the Company.

Save as disclosed above, as at 31 March 2018, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

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.

REPORT OF THE DIRECTORS

The maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. On the basis of a total of 1,000,000,000 Shares in issue as at the Listing Date of the Shares, the relevant limit is 100,000,000 Shares which represent 10% of the issued Shares on such listing date. As at the date of this annual report, such limit has been used up. The Company may seek approval by its shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Unless approved by the Shareholders in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person).

An offer of share options shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme.

During the year ended 31 March 2018, the Company granted 40,000,000 share options under the Share Option Scheme. As at 31 March 2018, the Company had 40,000,000 share options (31 March 2017: Nil) outstanding under the Share Option Scheme.

REPORT OF THE DIRECTORS

Details of movements in the share options under the Share Option Scheme during the year ended 31 March 2018 are as follows:

Category and name of grantee	Outstanding as at 1 April 2017	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 March 2018	Exercise price per share	Date of grant	Exercise period
Directors/Chief executive									
Mr. Cheung (Note 1)	–	10,000,000	–	–	–	10,000,000	HK\$0.482	27 October 2017	27 October 2017 to 27 October 2027
Ms. Chan (Note 2)	–	10,000,000	–	–	–	10,000,000	HK\$0.482	27 October 2017	27 October 2017 to 27 October 2027
Sub-total	–	20,000,000	–	–	–	20,000,000			
Employee(s) of the Group	–	10,000,000	–	–	–	10,000,000	HK\$0.482	27 October 2017	27 October 2017 to 27 October 2027
Other participant(s)	–	10,000,000	–	–	–	10,000,000	HK\$0.482	27 October 2017	27 October 2017 to 27 October 2027
Total	–	40,000,000	–	–	–	40,000,000			

Notes:

1. Mr. Cheung is an executive Director.
2. Ms. Chan was a non-executive Director until her resignation with effect from 16 May 2018.

There are no vesting period for the share options granted under the Share Option Scheme.

Further details of the Share Option Scheme (including the value of the share options granted) are disclosed in note 8 to the consolidated financial statements.

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 2018.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

No contracts of significance in relation to the Group's business between the Company, or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor contract of significance in relation to the Group's business whether or not for provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during or at the end of the year ended 31 March 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2018 and up to the date of this annual report, 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.

REPORT OF THE DIRECTORS

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang, details of which were set out in the Prospectus, has been fully complied and enforced for the year ended 31 March 2018. The Company further confirms that the deed of non-competition dated 25 September 2015 and given by Mr. Cheung and Alpha Direct, details of which were set out in the Prospectus, has been fully complied and enforced for the year ended 31 March 2018. 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 and the potential investors.

PERMITTED INDEMNITY PROVISION

During the year ended 31 March 2018 and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in accordance with the Articles being in force. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2018 are set out in note 24 to the consolidated financial statements in this annual report. None of these related party transactions constituted a “connected transaction” or “continuing connected transaction” as defined under Chapter 14A of the Listing Rules for the year ended 31 March 2018. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 March 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) at all times for the year ended 31 March 2018 and thereafter up to the date of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

AUDITOR

The Group’s consolidated financial statements for the year ended 31 March 2018 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire, and being eligible, offer themselves for re-appointment at the AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

By Order of the Board

Cheung Lui

Chairman, Chief Executive Officer & Executive Director

Hong Kong, 29 June 2018

INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF
SEASON PACIFIC HOLDINGS LIMITED**

雲裳衣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

羅兵咸永道

OPINION

What we have audited

The consolidated financial statements of Season Pacific Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 35 to 71, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is relating to impairment assessment of trade receivables and valuation of share options:

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of trade receivables

Refer to note 2.9, 3.1(b) 4(a) and 16 to the consolidated financial statements

As at 31 March 2018, the Group has trade and bills receivables of HK\$42,397,000 (2017: HK\$38,262,000). The credit terms were usually up to 90 days. Over 78% (2017: 99%) of the trade and bills receivables were current and aged less than 90 days based on due date.

Management developed policies and procedures to ensure the collectability of trade receivables, including requiring customers to use letters of credit to settle their balances.

Management also developed policies and procedures to ensure adequate provision for doubtful debts were made, which included performing a detailed analysis of trade receivables aging on a customer-by-customer basis, with reference to the settlement subsequent to the year end and financial condition of the respective customers. No provision was made based on the assessment of management as at 31 March 2018.

Significant judgment is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgment, management considers a wide range of factors, such as results of follow-up procedures, counter party payment trends including subsequent payments and customers' financial positions. The final outcome of the assessment on the recoverability of these receivables will impact the amount of impairment required.

Our procedures in relation to management's impairment assessment of trade receivables included:

- Testing the design and operating effectiveness of key controls in relation to the granting of credits to both new and existing customers as well as the provision for trade receivables.
- Checking, on a sample basis, the accuracy of trade receivables aging used by management in assessing the appropriate provision for trade receivables.
- Performing impairment assessment of trade receivables with reference to their settlement subsequent to the year end and historical payment record to identify aged debts or potential debts in dispute for which no provision had been made.
- Challenging management on their evidences and grounds on the recoverability of the outstanding trade receivables beyond credit period with no provision made.

Based on the procedures performed, we found the assumptions of management in relation to assessment on impairment of trade receivables to be supportable by available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Valuation of share options

Refer to note 2.19, 4(c) and 8 to the consolidated financial statements

During the year ended 31 March 2018, the Group granted 40,000,000 share options to its employees and an external consultant under its Share Options Scheme. The share-based payment expenses of HK\$5,343,000 was charged to the consolidated statement of comprehensive income and credited to the share options reserve.

The fair value of the share options granted were derived from Binomial option pricing model. Significant judgement is exercised on the assessment of the fair value of the share options. In making the judgement, management applied key assumptions, including option life, risk-free rate and volatility which were subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. Independent external valuation was obtained for the fair value of the share options in order to support management's estimate.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's estimate of the valuation of share options included:

- Checking, on a sample basis, the terms and conditions of the share options granted with proper approval and grant letters.
- Evaluating the external valuer's competence, capabilities and objectivity.
- Assessing the reasonableness of the key assumptions, including option life, risk-free rate and volatility, based on available supporting data with the assistance from our in-house valuation specialist to assess if the valuation is within an acceptable range.
- Evaluating the adequacy of disclosure made by the Group in the consolidated financial statements.

Based on the procedures performed, we found the estimate of management in relation to the valuation of share options to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kong Ling Yin, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	NOTES	For the year ended 31 March	
		2018 HK\$'000	2017 HK\$'000
Revenue	5	279,382	206,219
Cost of sales	6	(224,798)	(152,296)
Gross profit		54,584	53,923
Selling expenses	6	(7,369)	(5,669)
General and administrative expenses	6	(26,462)	(17,692)
Operating profit		20,753	30,562
Finance income	9	1	–
Finance costs	9	(48)	(61)
Finance costs, net		(47)	(61)
Profit before income tax		20,706	30,501
Income tax expense	10	(5,018)	(5,358)
Profit and total comprehensive income for the year attributable to owners of the Company		15,688	25,143
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	12	1.57	2.51

The notes on pages 39 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	As at 31 March	
		2018	2017
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	808	1,078
Deferred income tax asset	14	256	241
Prepayments and deposits	16	3,777	4,713
		4,841	6,032
Current assets			
Trade and bills receivables, prepayments and deposits	16	68,479	50,861
Cash and cash equivalents	17	42,375	34,016
		110,854	84,877
Total assets		115,695	90,909
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	10,000	10,000
Other reserves		15,163	9,820
Retained earnings		57,240	41,552
Total equity		82,403	61,372
Non-current liability			
Provision for reinstatement cost	19	250	250
Current liabilities			
Trade, bills and other payables	19	22,872	26,147
Bank borrowings	21	8,336	1,488
Current income tax liabilities		1,834	1,652
		33,042	29,287
Total liabilities		33,292	29,537
Total equity and liabilities		115,695	90,909

The notes on pages 39 to 71 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 35 to 71 were approved by the board of Directors on 29 June 2018 and were signed on its behalf.

Cheung Lui
Director

Chak Ka Wai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 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 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 (Note 8)	–	–	5,343	–	–	5,343
Balance at 31 March 2018	10,000	9,810	5,343	10	57,240	82,403

The notes on pages 39 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	NOTES	For the year ended 31 March	
		2018 HK\$'000	2017 HK\$'000
Cash flows from operating activities			
Cash generated from operations	23(a)	6,486	8,431
Income tax paid		(4,851)	(4,844)
Net cash generated from operating activities		1,635	3,587
Cash flows from investing activities			
Bank interest income received		1	–
Purchases of property, plant and equipment	13	(77)	(558)
Net cash used in investing activities		(76)	(558)
Cash flows from financing activities			
Proceeds from short-term bank borrowings	23(b)	13,996	5,088
Repayment of short-term bank borrowings	23(b)	(7,148)	(3,600)
Interest paid	23(b)	(48)	(61)
Net cash generated from financing activities		6,800	1,427
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		34,016	29,560
Cash and cash equivalents at end of year	17	42,375	34,016

The notes on pages 39 to 71 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED 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 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

- (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 2017:

Standards	Subject of amendment
HKAS 7 (Amendments)	Statement of Cash Flows — Disclosure
HKAS 12 (Amendments)	Income Taxes — Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements Project	Annual improvements 2014–2016 Cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

- (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 2017 and have not been early adopted.

HKAS 28 (Amendments)	Investments in Associates and Joint Ventures ¹
HKAS 40 (Amendments)	Transfers of Investment Property ¹
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transaction ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation ²
HKFRS 10 (Amendments) and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK (IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatment ²
Annual Improvements Project	Annual Improvement 2014–2016 Cycle ¹

Notes:

1. Effective for the annual periods beginning on or after 1 January 2018
2. Effective for the annual periods beginning on or after 1 January 2019
3. To be determined
4. Effective for the annual periods beginning on or after 1 January 2021

HKFRS 9, 'Financial Instruments'

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

Based on an analysis of the Group's financial instruments as at 31 March 2018, all of the Group's financial assets and financial liabilities were carried at amortised cost, which would likely continue to be measured on the same basis under HKFRS 9. As a result, the management does not expect the adoption of HKFRS 9 to have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) *(Continued)*

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

Based on the historical experience of the Group, the default rates of the outstanding balances with customers are low. Hence, the management does not expect that the application of HKFRS 9 would result in a significant impact on the Group’s impairment provisions and the application of HKFRS 9 would not have a material impact on the Group’s financial position and results of operations. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, ‘Revenue from contracts with customers’

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The major revenue stream for the Group is sales of goods, the performance obligations of this revenue is currently recognised in accordance with Note 2.16.

The management has performed a preliminary assessment and expect that the application of HKFRS 15 would not result in any significant impact on the Group’s financial position and results of operations based on the current business model. Meanwhile, there will be additional disclosure requirements under HKFRS 15 upon its adoption.

HKFRS 16, ‘Leases’

The Group is a lessee of its office and staff quarter which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 2.18.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) *(Continued)*

HKFRS 16, 'Leases' *(Continued)*

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 statements, 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 2018, the Group had aggregate minimum lease payments, which are not reflected in the consolidated statements of financial position, under non-cancellable operating lease amounting to HK\$10,508,000 as set out in Note 22. 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 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Separate consolidated financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate consolidated financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States dollar ("US\$"). The consolidated financial statements are presented in Hong Kong dollar ("HK\$") for convenience purpose which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over the estimated useful lives, as follows:

Leasehold improvements	Over the lease term of 3 years
Office equipment	5 years
Fitting and furniture	5 years
Computer equipment	3 years
Motor vehicle	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of comprehensive income.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of each reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade, bills and other receivables, deposits and cash and cash equivalents in the consolidated statement of the financial position (Notes 2.9 and 2.10).

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Trade and bills receivables

Trade and bills receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and bills receivables are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and bills receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade, bills and other payables

Trade and bills payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, bills and others payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Employee benefits

(a) Pension obligation

The Group joined a Mandatory Provident Fund Scheme ("MPF Scheme"), a defined contribution plan, for all employees in Hong Kong. Under the MPF Scheme, the Group makes monthly contribution based on 5% of the employees' basic salaries which is subject to a cap of HK\$1,500 for each employee to a privately administered pension insurance plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Forfeited contributions will not be used by the employer to reduce the existing level of contributions. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

In addition, pursuant to the government regulations in the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on the wages for the year of those employees in the PRC. The Group has no further payment obligations once the contributions have been paid.

Contribution to these defined contribution plans are charged to the consolidated statement of comprehensive income as incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability of annual leave arising from services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave, maternity or paternity leave and compassionate leave are not recognised until the time of leave.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the owner of the Company after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts.

Determining whether the Group is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances, including whether (1) the Group is the primary obligor in the provision of supply chain management solutions; (2) the Group retains the inventory risk of garment products before and after the customer order, during shipping or on return; (3) the Group has latitude in establishing prices for the provision of supply chain management solutions, including garment products; and (4) the Group bears the credit risk for collecting cash from customers. The Group's management performs the assessment based on the above mentioned factors and reaches the conclusion that the Group acts as a principal since it has exposure to the significant risks and rewards associated with the provision of supply chain management solutions. Accordingly, the Group recognises revenue on a gross basis.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

Sales of goods

Revenue from trading of garment and accessories for private labels and international brands is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.18 Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.19 Share-based payments

The Group granted share options to its employees and an external consultant under its Share Option Scheme ("Share Option Scheme"). There are no vesting period for the share options granted according to the Share Option Scheme. The fair value of the share options granted is expensed immediately to the consolidated statements of comprehensive income which are vested at the date of grant. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained earnings.

The amount to be expensed is determined by reference to the fair value of the share options granted including any market performance conditions, excluding the impact of any service and non-market performance vesting conditions and including the impact of any non-vesting conditions. Information relating to the Share Option Scheme is set out in Note 8.

2.20 Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, primarily with respect to the HK\$, RMB and Euro dollar ("EUR"). Any changes in the exchange rates of HK\$ and EUR to US\$ will impact the Group's operating results.

As HK\$ is pegged to US\$, foreign exchange exposure on HK\$ denominated transactions, assets or liabilities is considered as minimal. The volume of EUR denominated transactions and amounts of EUR and RMB denominated assets and liabilities are low, the foreign exchange risk is considered as insignificant as at 31 March 2018 and 2017. The Group currently does not undertake any foreign currency hedging as at 31 March 2018 and 2017.

(ii) Cash flow interest rate risk

The Group's interest risk arises from bank deposits and bank borrowings as at 31 March 2018 and 2017 which carried at variable rates. Management considered that the interest rates on bank deposits and bank borrowings will not be changed up to 10 basis-points with all other variables held constant and the effect of such changes in interest rate on post-tax profit was not material to the Group for the year ended 31 March 2018 and 2017.

(b) Credit risk

The carrying amounts of cash at banks, trade, bills and other receivables and deposits included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 March 2018, in respect of trade receivables, the Group is exposed to concentration of credit risk to the extent that HK\$33,701,000 (2017: HK\$15,593,000) of trade receivables is attributable to the top 5 customers. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group requires customers to use letters of credit to settle their balances and also enters into credit insurance policy for certain trade receivables with a bank to mitigate the credit risk with a coverage of HK\$23,492,000 (2017: HK\$13,746,000) out of the total trade receivables balance. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

To manage the credit risk, cash at banks are only placed with reputable banks which are all high-credit-quality financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the Group's working capital to ensure that all liabilities due and known funding requirements could be met.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the period-end date). The maturity analysis for financial liabilities is prepared based on the scheduled repayment dates. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand HK\$'000	Less than 3 months HK\$'000	Total HK\$'000
As at 31 March 2018			
Trade, bills and other payables	–	18,016	18,016
Bank borrowings	8,336	–	8,336
	8,336	18,016	26,352
As at 31 March 2017			
Trade, bills and other payables	–	17,882	17,882
Bank borrowings	1,488	–	1,488
	1,488	17,882	19,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Group maintained a net cash position as at 31 March 2018 and 2017.

	2018 HK\$'000	2017 HK\$'000
Cash and cash equivalents (note 17)	42,375	34,016
Less: bank borrowings (note 21)	(8,336)	(1,488)
Net cash	34,039	32,528

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, trade, bills and other receivables and deposits, trade, bills and other payables and bank borrowings approximate their fair values due to their short maturities or the impact of discounting is not significant.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and bills receivables

The Group determines the provision for impairment of trade and bills receivables based on the credit history of counterparty and the current market condition by business segment. Significant judgment is exercised on the assessment of the collectability of receivables from each counterparty. In making the judgment, management considers a wide range of factors such as results of follow-up procedures, counterparty payment trends including subsequent payments and customers' financial positions. If the financial conditions of the counterparty of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The final outcome of the recoverability of these receivables will impact the amount of impairment required.

(b) Income taxes

The Group is subject to income tax. Judgement is required in determining the provision for income taxes. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Valuation of share options granted

The fair value of share options granted was priced using a binomial option pricing model which requires the management's estimates and assumptions on significant calculation inputs, including the estimated life of share options granted, the volatility of share price and expected dividend yield. Changes in the subjective input assumptions could materially affect the fair value estimate, which would in turn affect the share-based payment expense recognised for the period and its corresponding impact on the share options reserve. Estimates relating to the evaluation of share options are discussed in Note 8.

5 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	
	2018 HK\$'000	2017 HK\$'000
Revenue		
Sales of goods	279,382	206,219
Total	279,382	206,219

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
America	112,055	115,712
Europe	81,790	32,983
Asia Pacific	44,570	18,115
Middle East	40,967	38,571
Africa	—	838
	279,382	206,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION *(Continued)*

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

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Customer A	37,732	16,344
Customer B	33,444	20,500
Customer C	32,470	–
Customer D	32,145	38,111
Customer E	30,299	33,392

6 EXPENSES BY NATURE

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Cost of goods sold	217,806	145,402
Sales commission	2,591	2,046
Incentive fee (Note 16)	1,000	1,000
Depreciation of property, plant and equipment (Note 13)	347	434
Operating lease rentals in respect of		
— office	3,290	3,262
— staff quarter	754	758
— car park	246	236
Auditors' remuneration		
— Audit services	1,150	1,100
— Non-audit services in relation to Transfer of Listing	280	–
Employee benefit expenses (Note 7)	19,212	14,184
Entertainment and travelling expenses	1,218	1,093
Professional fee in relation to Transfer of Listing	1,834	–
Share options granted to an external consultant	950	–
Other expenses	7,951	6,142
Total cost of sales, selling expenses and general and administrative expenses	258,629	175,657

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Salaries, bonus and other short-term employee benefits	14,412	13,725
Share options granted to employees	4,393	–
(Reversal of)/provision for unutilised annual leave	(32)	11
Pension costs — defined contribution plans	439	448
	19,212	14,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

Notes:

- (a) Directors' and chief executive's emoluments

The remuneration of individual directors and the chief executive of the Company were set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings						
	Fees HK\$'000	Salaries HK\$'000	Share- based payments HK\$'000	Housing allowance HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
For the year ended 31 March 2018						
Executive directors (note (ii))						
Mr. Cheung Lui ("Mr. Cheung"), Chief Executive Officer (note (i))	120	622	1,622	418	24	2,806
Mr. Chak Ka Wai ("Mr. Chak"), Chief Financial Officer (note (i))	120	780	–	–	24	924
Executive						
Ms. Mang Ngai ("Ms. Mang"), Chief Operating Officer	–	820	1,150	480	18	2,468
Non-executive director (note (iii))						
Ms. Chan Hong Nei, Connie ("Ms. Chan") (Resigned on 16 May 2018) (note (iv))	420	–	1,621	–	–	2,041
Independent non-executive directors (note (v))						
Mr. Choi Sheung, Jeffrey	120	–	–	–	–	120
Mr. Ng Ka Lok (Resigned on 26 May 2017)	18	–	–	–	–	18
Ms. Luk Huen Ling, Claire	120	–	–	–	–	120
Ms. Lam Yau Lun (Appointed on 26 May 2017 and resigned on 25 May 2018)	102	–	–	–	–	102
	1,020	2,222	4,393	898	66	8,599
For the year ended 31 March 2017						
Executive directors						
Mr. Cheung, Chief Executive Officer (note (i))	120	622	–	418	24	1,184
Mr. Chak, Chief Financial Officer (note (i))	120	780	–	–	24	924
Executive						
Ms. Mang, Chief Operating Officer	–	820	–	480	18	1,318
Non-executive director						
Ms. Chan	240	–	–	–	–	240
Independent non-executive directors						
Mr. Choi Sheung, Jeffrey	120	–	–	–	–	120
Mr. Ng Ka Lok	120	–	–	–	–	120
Ms. Luk Huen Ling, Claire	120	–	–	–	–	120
	840	2,222	–	898	66	4,026

Notes:

- (i) The remuneration shown above included remuneration received from the Group by the directors in their capacity as employees of its subsidiaries during the year ended 31 March 2018 and 2017.
- (ii) Mr. Yu Xiu Yang was appointed as executive director on 16 May 2018.
- (iii) Ms. Chin Ying Ying was appointed as non-executive director on 16 May 2018.
- (iv) On 16 May 2018, the board of Directors approved at their discretion that the share options granted to Ms. Chan remained valid after her resignation.
- (v) Mr. Chang Eric Jackson was appointed as an independent non-executive director on 25 May 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

Notes: (Continued)

(b) Directors' retirement benefits

There were no retirement benefits paid to directors during the year ended 31 March 2018 (2017: Nil) in respect of the services as a director of the Company and its subsidiaries.

(c) Directors' termination benefits

During the year ended 31 March 2018, there was no benefits provided for early termination of the directors' appointment in office (2017: Nil).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2018 (2017: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 March 2018, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2017: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2017: Nil).

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 4 (2017: 3) directors and executives whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 1 (2017: 2) individuals during the year are as follows:

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	702	1,264
Bonus	540	155
Provision for unutilised annual leave	–	14
Pension costs — defined contribution plans	–	18
	1,242	1,451

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals For the year ended 31 March	
	2018	2017
Nil to HK\$1,000,000	–	2
Between HK\$1,000,001 and HK\$1,500,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 SHARE-BASED PAYMENTS

On 27 October 2017, the Group granted a total of 40,000,000 share options under the Share Option Scheme with no vesting period. The exercise price of the share options granted is HK\$0.482 per share.

Name	Position held/relationship with the Company	Number of share options granted
Mr. Cheung	Chief Executive Officer	10,000,000
Ms. Chan	Non-executive director	10,000,000
Ms. Mang	Chief Operating Officer	10,000,000
External consultant	Not applicable	10,000,000

The exercise price of share options is based on the higher of (i) the closing price of HK\$0.47 per share as quoted in the Hong Kong Stock Exchange's daily quotation sheet on the grant date; and (ii) the average closing price of HK\$0.482 per share as quoted in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

(a) Movement in share options

	2018		2017	
	Average exercise price per share	Number of share options	Average exercise price per share	Number of share options
As at 1 April	–	–	–	–
Granted during the year	HK\$0.482	40,000,000	–	–
As at 31 March	HK\$0.482	40,000,000	–	–
Exercisable as at 31 March	HK\$0.482	40,000,000	–	–

During the year ended 31 March 2018, there was no exercise, lapse or cancellation of share options (2017: Nil).

All the share options outstanding as at 31 March 2018 will expire on 27 October 2027 and have an exercise price of HK\$0.482.

During the year ended 31 March 2018, share-based payment expense in relation to share options granted to employees and the external consultant were HK\$4,393,000 and HK\$950,000 (2017: Nil) respectively and charged to the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 SHARE-BASED PAYMENTS *(Continued)*

(b) Fair value of share options and assumptions

The fair value of the share options granted during the year ended 31 March 2018 were derived from Binomial option pricing model by applying the following bases and assumptions:

	Share options granted to		
	Mr. Cheung and Ms. Chan	Ms. Mang	External consultant
Grant date	27/10/2017	27/10/2017	27/10/2017
Number of options granted	20,000,000	10,000,000	10,000,000
Option life (Note (i))	10 years	5 years	3.4 years
Risk-free rate (Note (ii))	1.844%	1.509%	1.322%
Volatility (Note (iii))	35.93%	25.67%	26.75%
Dividend yield	0%	0%	0%
Fair value per share option at grant date	HK\$0.1621	HK\$0.1150	HK\$0.0950
Total fair value for each batch	HK\$3,243,000	HK\$1,150,000	HK\$950,000

Notes:

- (i) The option life was determined with reference to the expiry date of the Share Options Scheme and the estimation on expected retirement date of the respective individuals and probability of contract renewal with the external consultant by management.
- (ii) The risk-free rate was determined with reference to the yield of Hong Kong Government Exchange Fund Notes with a maturity life equal to the time to maturity of the share options at the grant date.
- (iii) The volatility of the share options was calculated based on the daily stock prices of the comparables companies. The length of period approximately equals to the time to maturity of the share options at the grant date.

The fair value of the share options during the year ended 31 March 2018 has been arrived on the basis of a valuation carried out at the grant date by Avista Valuation Advisory Limited. The fair value of the share options are subject to the limitations of the Binomial option pricing model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. The weight average fair value of share options granted during the year ended 31 March 2018 determined using the Binomial option pricing model was HK\$0.134 per share option (2017: Nil).

The outstanding share options as at 31 March 2018 had a weighted average remaining contractual life of 9.58 years (2017: Nil).

At 31 March 2018, the Company had 40,000,000 (2017: Nil) share options outstanding under the Share Options Scheme, which represented approximately 4% (2017: Nil) of the Company's shares in issue at that date. Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

9 FINANCE COST, NET

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Interest expenses on bank borrowings	(48)	(61)
Bank Interest income	1	–
	(47)	(61)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Current Income tax		
— Hong Kong	5,030	5,337
— The People's Republic of China ("PRC")	3	—
	5,033	5,337
Deferred tax		
— Hong Kong (Note 14)	(15)	21
Total	5,018	5,358

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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% (2017: 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.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Profit before income tax	20,706	30,501
Tax calculated at a tax rate of 16.5% (2017: 16.5%)	3,417	5,033
Effect of different tax rates of a subsidiary operating in other jurisdiction	(2)	—
Expenses not deductible for tax purposes	1,643	345
Tax deduction	(40)	(20)
Income tax expense	5,018	5,358

For the year ended 31 March 2018, the weighted average applicable tax rate was 24.2% (2017: 17.6%). The increase in the weighted average applicable tax rate for the year ended 31 March 2018 was mainly due to the non-deductible share-based payment expenses of HK\$5,343,000 and professional fee in relation to the Transfer of listing of HK\$2,114,000.

11 DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 March 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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	
	2018	2017
Profit attributable to owners of the Company (HK\$'000)	15,688	25,143
Weighted average number of ordinary shares in issue	1,000,000,000	1,000,000,000
Basic earnings per share (HK cents per share)	1.57	2.51

(b) Diluted

Diluted earnings per share for the years ended 31 March 2018 and 2017 are equal to their respective basic earnings per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 March 2018 and 2017.

13 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 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
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

Depreciation expenses of HK\$347,000 (2017: HK\$434,000) have been charged to the general and administrative expenses for the year ended 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DEFERRED INCOME TAX ASSET

The analysis of deferred income tax asset is as follows:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Deferred income tax asset:		
Recoverable after 12 months	256	241

The movements in deferred income tax asset during the year are as follows:

	Decelerated tax depreciation HK\$'000
Deferred income tax asset	
At 1 April 2016	262
Charged to the consolidated statement of comprehensive income (Note 10)	(21)
At 1 April 2017	241
Credited to the consolidated statement of comprehensive income (Note 10)	15
At 31 March 2018	256

As at 31 March 2018 and 2017, the Group did not have any unrecognised deferred income tax assets and liabilities.

15 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Assets as per consolidated statement of financial position		
Loans and receivables:		
— Trade, bills and other receivables	42,888	39,061
— Cash and cash equivalents	42,375	34,016
Total	85,263	73,077
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost:		
— Trade, bills and other payables	18,016	16,825
— Bank borrowings	8,336	1,488
Total	26,352	18,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Gross trade receivables	33,061	35,336
Gross bills receivables	9,336	2,926
Trade and bills receivables, net of provision	42,397	38,262
Prepaid incentive fee (Note (a))	2,954	3,954
Advance payment of sales commission	1,356	2,565
Payment in advance to suppliers	22,728	7,674
Rental deposits	1,948	1,884
Prepayments	382	436
Other receivables	491	799
Total trade and bills receivables, prepayments and deposits	72,256	55,574
Less: Non-current portion		
Long-term portion of prepaid incentive fee	(1,954)	(2,954)
Long-term portion of rental deposits	(1,823)	(1,759)
	68,479	50,861

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. 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 2018, the Group recognised HK\$2,954,000 (2017: HK\$3,954,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position and an incentive fee of HK\$1,000,000 (2017: HK\$1,000,000) has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2018.

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 90 days. At 31 March 2018 and 2017, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Up to 30 days	13,380	19,781
31 to 60 days	10,599	810
61 to 90 days	7,688	13,257
Over 90 days	10,730	4,414
	42,397	38,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The ageing analysis of trade and bills receivables, net of provision, based on due date is as follows:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Current	23,389	16,364
1 to 30 days	5,842	10,970
31 to 60 days	2,651	10,457
61 to 90 days	987	431
Over 90 days	9,528	40
Past due but not impaired	19,008	21,898
Total trade and bills receivables, net of provision	42,397	38,262

As at 31 March 2018, trade and bills receivables of HK\$19,008,000 (2017: HK\$21,898,000) 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 2018 and 2017, no trade and bills receivables were impaired.

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	
	2018 HK\$'000	2017 HK\$'000
US\$	45,078	30,914
HK\$	25,810	20,176
EUR	1,335	4,484
RMB	33	–
	72,256	55,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Cash at banks and on hand	42,375	34,016
Maximum exposure to credit risk	42,322	33,974

The cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
HK\$	19,805	8,033
US\$	21,849	17,693
EUR	670	8,269
RMB	51	21
	42,375	34,016

18 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised share capital		
As at 31 March 2017 and 31 March 2018	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2017 and 31 March 2018	1,000,000,000	10,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Trade and bills payables	16,026	15,106
Receipts in advance from customers	4,244	7,595
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	612	670
Other payables	1,990	2,776
	23,122	26,397
Less: Non-current portion		
Provision for reinstatement cost	(250)	(250)
	22,872	26,147

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

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
US\$	16,214	16,262
HK\$	1,692	1,620
EUR	81	–
RMB	29	–
	18,016	17,882

Trade and bills payables

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

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Current	10,119	9,872
1 to 30 days	632	3,168
31 to 60 days	4,125	1,069
61 to 90 days	731	456
Over 90 days	419	541
Total trade and bills payables	16,026	15,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 SUBSIDIARIES

Details of the subsidiaries held by the Group as at 31 March 2018 are as follows:

Name	Place of incorporation and kind of legal entity	Country of operation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held as at 31 March	
					2018	2017
Directly held						
Trinity Ally Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US\$1	100%	100%
Best Flight Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US\$1	100%	100%
Indirectly held						
Seazon Pacific Limited	Hong Kong, limited liability company	Hong Kong	Sales of apparel product with the provision of supply chain management total solutions to customers	HK\$10,000	100%	100%
Sureway ODM Limited	Hong Kong, limited liability company	Hong Kong	Sales of apparel product with the provision of supply chain management total solutions to customers	HK\$10,000	100%	100%
雲裳衣貿易(深圳)有限公司	The PRC, limited liability company	The PRC	Sales of apparel product with the provision of supply chain management total solutions to customers	(Note a)	100%	100%

Note:

(a) The authorised share capital is RMB1,000,000 and the share capital has not yet been paid as at 31 March 2017 and 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 BANK BORROWINGS

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Current bank borrowings	8,336	1,488

At 31 March 2018, the bank borrowings were repayable within 1 year with the average interest rate per annum ranging from 2.29% to 2.74% (2017: 1.94% 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.

22 COMMITMENTS

The Group leases its office and staff quarter under non-cancellable operating lease agreements. The lease terms range from two to three years.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
No later than 1 year	3,350	4,119
Later than 1 year and no later than 5 years	7,158	361
	10,508	4,480

The Group did not have any material capital commitments as at 31 March 2018 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH FLOW INFORMATION

(a) Net Cash generated from operations

	NOTES	For the year ended 31 March	
		2018 HK\$'000	2017 HK\$'000
Profit before income tax		20,706	30,501
Adjustments for:			
Finance costs	9	48	61
Finance income		(1)	–
Share-based payment expense	8	5,343	–
Depreciation of property, plant and equipment	13	347	434
Amortisation of incentive fee	6	1,000	1,000
Operating profits before working capital changes		27,443	31,996
Changes in working capital:			
Trade and bills receivables, prepayments and deposits		(17,682)	(34,906)
Trade, bills and other payables		(3,275)	11,341
Cash generated from operations		6,486	8,431

(b) Reconciliation of liabilities from financing activities:

	Interest-bearing bank borrowings HK\$'000	Interest payable HK\$'000	Total HK\$'000
As at 1 April 2016	–	–	–
Proceeds from short-term bank borrowings	5,088	–	5,088
Repayment of short-term bank borrowings	(3,600)	–	(3,600)
Interest paid	–	(61)	(61)
Non-cash movements	–	61	61
At 1 April 2017	1,488	–	1,488
Proceeds from short-term bank borrowings	13,996	–	13,996
Repayment of short-term bank borrowings	(7,148)	–	(7,148)
Interest paid	–	(48)	(48)
Non-cash movements	–	48	48
At 31 March 2018	8,336	–	8,336

(c) Non-cash transactions

For the year ended 31 March 2018, there was no significant non-cash transaction (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, there were no significant transactions with related parties during the year ended 31 March 2018 (2017: Nil).

(b) Key management compensation

Key management includes directors (executive and non-executive), five highest paid individuals as disclosed in Note 7(g) and the other senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Salaries, bonus and other short-term employee benefits	6,479	6,274
Share-based payment expenses	4,393	–
(Reversal of)/provision for unutilised annual leave	(8)	22
Pension costs — defined contribution plans	102	102
	10,966	6,398

25 CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	NOTE	As at 31 March	
		2018 HK\$'000	2017 HK\$'000
Assets			
Non-current asset			
Investment in subsidiaries		23,366	19,645
Current assets			
Amounts due from subsidiaries		102	–
Prepayment		275	273
Cash and cash equivalents		340	4,403
		717	4,676
Total assets		24,083	24,321
Liabilities			
Current liabilities			
Amounts due to subsidiaries		1,199	720
Other payables and accruals		490	335
Total liabilities		1,689	1,055
Equity			
Equity attributable to owners of the Company			
Share capital		10,000	10,000
Other reserves	a	38,519	29,455
Accumulated losses	a	(26,125)	(16,189)
Total equity		22,394	23,266
Total equity and liabilities		24,083	24,321

The statement of financial position of the Company was approved by the board of Directors on 29 June 2018 and was signed on its behalf.

Cheung Lui
Director

Chak Ka Wai
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes:

(a) Reserve movement of the Company

	Accumulated losses	Other reserves	Share options reserve
	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2016 and 1 April 2016	(14,111)	29,455	–
Loss for the year	(2,078)	–	–
As at 31 March 2017 and 1 April 2017	(16,189)	29,455	–
Share options issued	–	–	5,343
Loss for the year	(9,936)	–	–
Contribution to a subsidiary	–	3,721	–
As at 31 March 2018	(26,125)	33,176	5,343

27 EVENTS AFTER THE BALANCE SHEET DATE

The events after the balance sheet date are disclosed as follows:

- (a) On 27 April 2018, the Group has granted a total of 60,000,000 share options under the Share Option Scheme. The exercise price of the share options granted is HK\$0.425 per share.

Among the share options granted, a total of 20,000,000 share options were granted to the Directors and chief executive of the Company, details of which are set out below:

Name	Position held with the Company	Number of share options granted
Mr. Chak	Chief Financial Officer, company secretary and executive director	10,000,000
Ms. Luk Huen Ling Claire	Independent non-executive director	10,000,000
		20,000,000

- (b) Subsequent to the year end, the Company entered into Placing Agreements with a placing agent ("Placing Agent"), pursuant to which the Placing Agent agreed to procure, on a best effort basis, not less than six places to subscribe for a total of 123,800,000 placing shares of the Company at the placing price of HK\$0.485 per share ("the Placing"). On 1 June 2018, the Placing was completed with the net proceeds from the Placing of approximately HK\$58,600,000.

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows.

RESULTS	Year ended 31 March				
	2018 HK\$000	2017 HK\$000	2016 HK\$000	2015 HK\$000	2014 HK\$000
Revenue	279,382	206,219	155,933	140,739	126,689
Profit before income tax expense	20,706	30,501	7,721	18,005	11,400
Income tax expense	5,018	5,358	3,582	3,225	1,910
Profit for the year	15,688	25,143	4,139	14,780	9,490

ASSETS AND LIABILITIES	As at 31 March				
	2018 HK\$000	2017 HK\$000	2016 HK\$000	2015 HK\$000	2014 HK\$000
Current assets	110,854	84,877	45,444	45,111	42,414
Non-current assets	4,841	6,032	7,000	1,582	3,382
Total assets	115,695	90,909	52,444	46,693	45,796
Current liabilities	33,042	29,287	15,965	22,413	36,046
Non-current liabilities	250	250	250	–	250
Total liabilities	33,292	29,537	16,215	22,413	36,296
Net assets	82,403	61,372	36,229	24,280	9,500
EQUITY					
Equity attributable to owners of the Company	82,403	61,372	36,229	24,280	9,500

Notes:

The summary of the consolidated results of the Group for each of the two years ended 31 March 2014 and 2015 and of the assets, equity and liabilities as at 31 March 2014 and 2015 have been extracted from the Prospectus.

The summary above does not form part of the audited consolidated financial statements.