

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 : 8127



2016/2017

ANNUAL REPORT

** For identification purpose only*

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



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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

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112 King Fuk Street
San Po Kong
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Hong Kong

COMPANY'S WEBSITE

www.seasonpacific.com

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Ms. Chan Hong Nei Connie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ka Lok (*Resigned on 26 May 2017*)
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire
Mr. Lam Yau Lun (*Appointed on 26 May 2017*)

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 on 26 May 2017*)
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire
Mr. Lam Yau Lun (*Chairman*) (*Appointed on 26 May 2017*)

REMUNERATION COMMITTEE

Ms. Luk Huen Ling Claire (*Chairlady*)
Mr. Choi Sheung Jeffrey
Mr. Ng Ka Lok (*Resigned on 26 May 2017*)
Mr. Cheung Lui
Ms. Chan Hong Nei Connie
Mr. Lam Yau Lun (*Appointed on 26 May 2017*)

NOMINATION COMMITTEE

Mr. Choi Sheung Jeffrey (*Chairman*)
Mr. Ng Ka Lok (*Resigned on 26 May 2017*)
Ms. Luk Huen Ling Claire
Mr. Cheung Lui
Ms. Chan Hong Nei Connie
Mr. Lam Yau Lun (*Appointed on 26 May 2017*)

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
31/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

GEM STOCK CODE

8127

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 (the "Year").

The shares of the Company have been successfully listed on GEM on 7 October 2015 (the "Listing Date"), representing a substantial milestone for the Group. It does not only 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 exciting and challenging. The Group has achieved strong financial performance in terms of revenue, gross profit and profit and total comprehensive income attributable to owners of the Company, together with increased market share despite the global economy still being soft and the consumer spending being weak. These factors, coupled with the unstable geopolitical environment (such as US/European elections and Brexit) and depreciation in various currencies such as the British Pound and Euro, proved the Group's business model is resilient and its management and staff are able to cope with the increased risk.

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 recently verified with the entering into sales contracts with one of the world's largest fashion retailers headquartered in Spain (the "New Customer"). The Group expected that the initial business with the New Customer, relationship with which has been developed over a period of time by the Group's consultant with extensive network and immense experience in the apparel industry worldwide, will open the door to many other opportunities with this multinational customer with over 7,000 stores throughout the world.

Given the challenging European economic outlook for the Year, the Group actively targeted and won increased business in the Americas, which presents a more promising economic outlook with signs of resilience in the consumer spending coupled with the US Federal Reserve being more positive on the US economy with near target employment and increasing interest rates. The Group's top customers from the Americas account formed a larger proportion of the Group's revenue and helped to offset the challenges from the European and Middle East markets. These factors altogether contributed to the Group's strong financial result for the Year. The Group will continue to target to grow its business in countries where an improving economic outlook can be seen, and should the European and Middle East markets pick up, the Group is well positioned to shift more business to those markets.

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 Directors are confident that the Group has the ability 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 and the Shareholders for their continuous support.

Season Pacific Holdings Limited

Cheung Lui

Chairman, Chief Executive Officer & Executive Director

Hong Kong, 18 May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

On 7 October 2015, the shares of the Company (the "Share(s)") were successfully listed on GEM by placing (the "Placing"). After deducting all the relevant commission and expenses borne by the Company, there are approximately HK\$5.1 million of net proceeds from the Placing. During the period from the Listing Date to 31 March 2017, approximately HK\$2.8 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 September 2015 in relation to the Placing (the "Prospectus"). Further details are set out in the section headed "Use of Proceeds" in this annual report.

FINANCIAL REVIEW

Revenue

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

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The cost of sales increased to approximately HK\$152.3 million for the year ended 31 March 2017 from approximately HK\$115.1 million for the year ended 31 March 2016, representing an increase of approximately 32.3%. The Group's cost of sales increased along with the growth in revenue for the year ended 31 March 2017.

Gross profit and gross profit margin

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

MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

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

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses decreased to approximately HK\$17.7 million for the year ended 31 March 2017 from approximately HK\$30.9 million for the year ended 31 March 2016, representing a decrease of approximately 42.7%. Such a decrease was mainly due to nil listing expenses incurred for the year ended 31 March 2017, while approximately HK\$13.2 million non-recurring listing expenses were incurred for the year ended 31 March 2016.

Finance expenses

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

Profit and total comprehensive income attributable to owners of the Company

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

TREASURY POLICIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

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

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 17 to the consolidated financial statements in this annual report.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to HK\$ and Euro dollars ("EUR"). As at 31 March 2017 and 2016, foreign exchange risk on financial assets and liabilities denominated in EUR was insignificant to the Group. Although the Group's revenue and major expenses are mainly in US\$, which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging currently.

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not pledge any of its assets (31 March 2016: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017 and 2016, the Group employed a total of 36 and 32 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2017 and 2016, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$14.2 million and HK\$13.6 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionary offered to those employees with outstanding performance.

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 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

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

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

The Group also maintains effective communication and develops a long-term trust relationship with the suppliers. During the year ended 31 March 2017, there was no material dispute or disagreement between the Group and the suppliers.

USE OF PROCEEDS

The Shares have been successfully listed on GEM on 7 October 2015. The actual net proceeds from the Placing, after deducting commission and expenses borne by the Company in connection with the Placing, were approximately HK\$5.1 million (the "Actual Net Proceeds"), which were less than the estimated one stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from 1 October 2015 to 30 June 2018 (the "Period") but with monetary adjustments to each business strategic plan on a pro rata basis. As the Placing completed after 30 September 2015, the estimated use of proceeds for the period ended 30 September 2015 as stated in the Prospectus would be foregone. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the year ended 31 March 2017.

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

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheung Lui (張雷) (“Mr. Cheung”), aged 44, 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.

Mr. Chak Ka Wai (翟家偉) (“Mr. Chak”), aged 45, 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

NON-EXECUTIVE DIRECTOR

Ms. Chan Hong Nei Connie (陳康妮) (“Ms. Chan”), aged 35, was appointed as a non-executive Director on 1 June 2015. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ka Lok (吳家樂) (“Mr. Ng”), aged 42, was appointed as an independent non-executive Director on 22 September 2015 and resigned on 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.

Mr. Choi Sheung Jeffrey (蔡湘) (“Mr. Choi”), aged 46, 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Luk Huen Ling Claire (陸萱凌) (formerly known as: Luk Yung Yung Claire) (“Ms. Luk”), aged 39, 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 plannings, 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 STAGE Group Limited, a company specialising in marketing consultancy. Ms. Luk was appointed as an independent non-executive director of China Bio Cassava Holdings Limited (Stock Code: 8129) in February 2017 and resigned on April 2017.

Mr. Lam Yau Lun (林猷麟) (“Mr. Lam”), aged 34, was appointed as an independent non-executive Director on 26 May 2017. Mr. Lam has over 12 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 is currently a manager of a Fortune Global 500 corporation, which is in lead in the food and drug retail industry in Canada. He is responsible for 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.

SENIOR MANAGEMENT

Ms. Mang Ngai (孟毅), aged 54, has over 24 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 46, 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 over 27 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lam Lai Mui (林麗妹) (“Ms. Lam”), aged 49, 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 over 25 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.

Ms. Ho Mei Yee (何美儀) (“Ms. Ho”), aged 47, 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 over 26 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 and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Shares were listed on GEM on 7 October 2015. Upon Listing, the Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

Except for the deviation from code provision A.2.1 which is explained in the sections 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 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors for the year ended 31 March 2017.

BOARD OF DIRECTORS

For the year ended 31 March 2017, 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

Independent non-executive Directors

Mr. Ng Ka Lok
Mr. Choi Sheung Jeffrey
Ms. Luk Huen Ling Claire

There was no financial, business, family or other material relationship among the Directors.

Each independent non-executive Director has given an annual written confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

For the year ended 31 March 2017, a total of seven 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	7/7	1/1
Mr. Chak Ka Wai	7/7	1/1
Ms. Chan Hong Nei Connie	7/7	1/1
Mr. Ng Ka Lok	7/7	1/1
Mr. Choi Sheung Jeffrey	7/7	1/1
Ms. Luk Huen Ling Claire	7/7	1/1

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 2017, the Company had a minimum of three independent non-executive Directors and at all times met the requirements of the GEM 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 had 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.

CORPORATE GOVERNANCE REPORT

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

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

However, the Board is of the view that although Mr. Cheung is the Chairman and Chief Executive Officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current 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 GEM 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” 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. All Directors, namely Mr. Cheung Lui, Mr. Chak Ka Wai, Ms. Chan Hong Nei Connie, Mr. Ng Ka Lok, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire had participated in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors was kept and updated by the company secretary of the Company.

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.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 22 September 2015 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee have been revised on 30 March 2016 to reflect the additional responsibilities of the Audit Committee arising from the Stock Exchange’s amendments on risk management and internal control under the Code on Corporate Governance applicable to listed companies with an accounting period beginning on or after 1 January 2016. The revised 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 2017, the Audit Committee consisted of three members, namely Mr. Ng Ka Lok (chairman of the Audit Committee), Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this annual report, including the audited consolidated results of the Group for the year ended 31 March 2017.

According to the current terms of reference, the Audit Committee shall meet at least four times for a financial year. Five meetings were held by the Audit Committee for the year ended 31 March 2017 and during the meetings, the Audit Committee reviewed the unaudited interim and two quarterly 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>)	5/5
Mr. Choi Sheung Jeffrey	5/5
Ms. Luk Huen Ling Claire	5/5

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 2017, 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 the CG Code C.2.1 for the year ended 31 March 2017 in all material respects, provided that the control on dissemination of Inside Information and use of financial resources could be further enhanced.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established on 22 September 2015. For the year ended 31 March 2017, it consisted of five members, namely Ms. Luk Huen Ling Claire (Chairlady of the Remuneration Committee), Mr. Choi Sheung Jeffrey and Mr. Ng Ka Lok, all being independent non-executive Directors; Mr. Cheung Lui, being an executive Director; and Ms. Chan Hong Nei Connie, being a non-executive Director. 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 recommendation 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.

One meeting was held by the Remuneration Committee for the year ended 31 March 2017.

Details of emoluments of the Directors and the chief operating officer of the Group for the year ended 31 March 2017 are set out in note 7 to the consolidated financial statements in this annual report.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established on 22 September 2015. For the year ended 31 March 2017, it consisted of five members including Mr. Choi Sheung Jeffrey (the Chairman of the Nomination Committee), Mr. Ng Ka Lok, and Ms. Luk Huen Ling Claire, all being independent non-executive Directors; Mr. Cheung Lui, being an executive Director; and Ms. Chan Hong Nei Connie, being a non-executive Director. 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 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 base on a range of diversified perspective, including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

One meeting was held by the Nomination Committee for the year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

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 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 2017, the Company has reviewed the risk management and internal control system of the Group and has provided written reports to the Audit Committee.

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 defense, the independent consultant 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 2017, 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.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the year ended 31 March 2017, the fees paid/payable to the Company's auditor is set out as follows:

Services rendered	Fee paid/payable (HK\$'000)
Audit services	1,100
Non-audit services	–
	1,100

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 2017, 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).

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).

CORPORATE GOVERNANCE REPORT

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 17.50(2) of the GEM Listing Rules.

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, interim and quarterly reports; notices; announcements, circulars, memorandum and articles of association on the Company's website at www.seasonpacific.com.

For the year ended 31 March 2017, 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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 19 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 2017.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2017 are set out in the Group's consolidated statement of comprehensive income on page 31 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (31 March 2016: Nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the year ended 31 March 2017, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders 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 "Future Prospects" of this annual report. Save as disclosed in this annual report, since end of the year ended 31 March 2017, 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 64 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 March 2017 are set out in note 17 to the consolidated financial statements of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association 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 2017, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

REPORT OF THE DIRECTORS

EQUITY LINKED AGREEMENT

No equity-linked agreement was entered into by the Group; or existed during the year ended 31 March 2017.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2017 are set out in note 24 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 33 of this annual report respectively.

DISTRIBUTABLE RESERVES

For the year ended 31 March 2017, 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\$13.3 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 2017, the Group's largest and five largest customers represented approximately 18% and 64% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 17% and 50% of the Group's total purchases respectively.

None of the Directors nor any of their close associates (as defined in the GEM Listing Rules) nor any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2017.

DIRECTORS

For the year ended 31 March 2017, the Directors were as the followings:

Executive Directors

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

Mr. Chak Ka Wai

Non-executive Director

Ms. Chan Hong Nei Connie

Independent non-executive Directors

Mr. Ng Ka Lok

Mr. Choi Sheung Jeffrey

Ms. Luk Huen Ling Claire

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Chak Ka Wai and Mr. Choi Sheung Jeffrey will retire from office at the forthcoming annual general meeting ("AGM") and, being eligible offer themselves for re-election.

REPORT OF THE DIRECTORS

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.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service with the Company. Each service agreement is for an initial term of three years with effect from the Listing Date 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 non-executive Director has 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 the independent non-executive Directors has entered into a letter of appointment with the Company on 22 September 2015 for an initial term of three years commencing from the Listing Date, all of which shall continue thereafter unless terminated by either party giving at least one month’s notice in writing.

Other than 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 5.09 of the GEM 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 was entered into or existed for the year ended 31 March 2017.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors are set out in note 7 to the consolidated financial statements in this annual report.

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 no share options have been granted since its adoption. The Company will consider to grant share options as incentive to any eligible personnel of the Group thereafter.

REPORT OF THE DIRECTORS

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time for the year ended 31 March 2017 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.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 31 March 2017, 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") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, are as follows:

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Mr. Cheung	Interest in controlled corporation (Note)	554,500,000 (long position)	55.45%

Note: Alpha Direct Investments Limited ("Alpha Direct") is wholly-owned by Mr. Cheung. Therefore, Mr. Cheung is deemed to be interested in the Shares held by Alpha Direct under the SFO.

Save as disclosed above, as at 31 March 2017, 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, its specified undertaking and any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 31 March 2017, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Alpha Direct	Beneficial owner	554,500,000	55.45%
Ms. Ngan Shui Ling Crystal	Interest of spouse (Note 1)	554,500,000	55.45%
Wise Manner	Beneficial owner	68,000,000	6.8%
Ms. Mang	Interest in controlled corporation (Note 3)	68,000,000	6.8%

Notes:

- Alpha Direct is wholly-owned by Mr. Cheung. Ms. Ngan Shui Ling Crystal ("Mrs. Cheung"), being the spouse of Mr. Cheung, is deemed to be interested in all the Shares that Mr. Cheung is interested in. Accordingly, Mrs. Cheung is deemed to be interested in the 554,500,000 Shares held by Alpha Direct under the SFO.
- Wise Manner is wholly-owned by Ms. Mang. Accordingly, Ms. Mang is deemed to be interested in the 68,000,000 Shares held by Wise Manner under the SFO.

Save as disclosed above, as at 31 March 2017, the Directors are not aware of any interests and short positions owned by any parties (other than a Director or chief executive of the Company) in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2015 (the "Share Option Scheme"). No share options have been granted pursuant to the Share Option Scheme since its adoption.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No 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 for the year ended 31 March 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force for the year ended 31 March 2017. 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 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 2017 are set out in note 22 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the GEM Listing Rules for the year ended 31 March 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the GEM Listing Rules) for the year ended 31 March 2017 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 2017 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 Office & Executive Director

Hong Kong, 18 May 2017

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 31 to 63, which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- 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 2017, 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 matter.

Key audit matter identified in our audit is relating to impairment assessment of trade receivables:

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 15 to the consolidated financial statements

As at 31 March 2017, the Group has trade receivables of HK\$35,336,000 (2016: HK\$9,996,000). The credit terms were usually up to 90 days. Over 99% of the trade 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 2017.

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

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.

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 HKASs 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 HKASs, 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.

INDEPENDENT AUDITOR'S REPORT

- 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.
- 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, 18 May 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	NOTES	For the year ended 31 March	
		2017 HK\$'000	2016 HK\$'000
Revenue	5	206,219	155,933
Cost of sales	6	(152,296)	(115,070)
Gross profit		53,923	40,863
Other income	5	–	852
Selling expenses	6	(5,669)	(3,094)
General and administrative expenses	6	(17,692)	(30,900)
Operating profit		30,562	7,721
Finance expenses	8	(61)	–
Profit before income tax		30,501	7,721
Income tax expense	9	(5,358)	(3,582)
Profit and total comprehensive income for the year attributable to owners of the Company		25,143	4,139
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	11	2.51	0.45

The notes on pages 35 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		As at 31 March	
	NOTES	2017 HK\$'000	2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,078	954
Deferred income tax asset	13	241	262
Prepayments and deposits	15	4,713	5,784
		6,032	7,000
Current assets			
Trade and bills receivables, prepayments and deposits	15	50,861	15,884
Cash and cash equivalents	16	34,016	29,560
		84,877	45,444
Total assets		90,909	52,444
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	10,000	10,000
Other reserves		9,820	9,820
Retained earnings		41,552	16,409
Total equity		61,372	36,229
Non-current liability			
Provision for reinstatement cost	18	250	250
Current liabilities			
Trade, bills and other payables	18	26,147	14,806
Bank borrowings	20	1,488	–
Current income tax liabilities		1,652	1,159
		29,287	15,965
Total liabilities		29,537	16,215
Total equity and liabilities		90,909	52,444

The notes on pages 35 to 63 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 31 to 63 were approved by the board of Directors on 18 May 2017 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 2017

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 April 2015	–	–	10	24,270	24,280
Total comprehensive income					
Profit for the year ended 31 March 2016	–	–	–	4,139	4,139
Transactions with owners in their capacity as owners					
Dividends (Note 10)	–	–	–	(12,000)	(12,000)
Shares issued upon capitalisation (Note 17)	8,500	(8,500)	–	–	–
Shares issued for placing (Note 17)	1,500	21,000	–	–	22,500
Listing expenses charged to share premium (Note 17)	–	(2,690)	–	–	(2,690)
Total transactions with owners in their capacity of owners	10,000	9,810	–	(12,000)	7,810
Balance at 31 March 2016 and 1 April 2016	10,000	9,810	10	16,409	36,229
Total comprehensive income					
Profit for the year ended 31 March 2017	–	–	–	25,143	25,143
Balance at 31 March 2017	10,000	9,810	10	41,552	61,372

The notes on pages 35 to 63 are an integral part of these consolidated financial statement.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	NOTES	For the year ended 31 March	
		2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities			
Profit before income tax		30,501	7,721
Adjustments for:			
Finance expenses	8	61	–
Depreciation of property, plant and equipment	12	434	1,297
Reversal of provision for impairment of trade receivables	15	–	(58)
Amortisation of incentive fee	6	1,000	46
Operating profits before working capital changes		31,996	9,006
Changes in working capital:			
Trade and bills receivables, prepayments and deposits		(34,906)	(6,195)
Trade, bills and other payables		11,341	4,870
Cash generated from operating activities		8,431	7,681
Income tax paid		(4,844)	(7,820)
Net cash generated from/(used in) operating activities		3,587	(139)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(558)	(833)
Net cash used in investing activities		(558)	(833)
Cash flows from financing activities			
Proceeds from short-term bank borrowings		5,088	–
Repayment of short-term bank borrowings		(3,600)	–
Proceeds from issuance of shares for placing		–	22,500
Decrease in amount due to a director		–	(6,928)
Payment of listing expenses (equity portion)		–	(2,406)
Interest paid		(61)	–
Dividend paid		–	(12,000)
Net cash generated from financing activities		1,427	1,166
Net increase in cash and cash equivalents		4,456	194
Cash and cash equivalents at beginning of year		29,560	29,366
Cash and cash equivalents at end of year	16	34,016	29,560

Non-cash transactions

For the year ended 31 March 2017, there was no significant non-cash transaction. For the year ended 31 March 2016, the principal non-cash transactions was the prepaid incentive fee of HK\$4,954,000 and the incentive fee payable of HK\$5,000,000.

The notes on pages 35 to 63 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 shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited by way of placing (the "Listing") on 7 October 2015.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 2016:

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

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

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 2016 and have not been early adopted.

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

Notes:

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ To be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

HKFRS 9, 'Financial Instruments'

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) (Continued)

HKFRS 15, 'Revenue from contracts with customers'

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

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

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

HKFRS 16, 'Leases'

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

The accounting for lessors will not significantly change.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

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.

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 obligations

The Group joined a Mandatory Provident Fund Scheme ("MPF Scheme"), a defined contribution plan, for all employees in Hong Kong. Under the defined contribution plan, the Group pays fixed contributions to a privately administered pension insurance plan on a mandatory and contractual basis. 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.

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 and other income recognition

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:

(a) 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.

(b) Service fee income

Revenue from service fee income is recognised when services are rendered.

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 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

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\$ 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. Although the volume of EUR denominated transactions and amounts of EUR denominated assets and liabilities have increased, the foreign exchange risk is still considered as insignificant. The Group currently does not undertake any foreign currency hedging.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow interest rate risk

The Group's interest risk arises from bank deposits and bank borrowings as at 31 March 2017 and 2016 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 2017 and 2016.

(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 2017, in respect of trade receivables, the Group is exposed to concentration of credit risk to the extent that HK\$15,593,000 (2016: HK\$8,813,000) 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\$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.

(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 2017			
Trade, bills and other payables	–	17,882	17,882
Bank borrowings	1,488	–	1,488
	1,488	17,882	19,370
As at 31 March 2016			
Trade, bills and other payables	–	12,435	12,435

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 2017 and 2016.

	2017 HK\$'000	2016 HK\$'000
Cash and cash equivalents (note 16)	34,016	29,560
Less: bank borrowings (note 20)	(1,488)	–
Net cash	32,528	29,560

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

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	
	2017 HK\$'000	2016 HK\$'000
Revenue	206,219	155,933
Sales of goods		
Other income		
Service fee income	–	852
Total	206,219	156,785

Revenue from external customers is analysed by region as follows:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 EXPENSES BY NATURE

	For the year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Cost of goods sold	145,402	105,957
Sales commission		
— to a related company (Note 22(b))	—	670
— to third parties	2,046	879
Incentive fee (Note 15)	1,000	46
Depreciation of property, plant and equipment (Note 12)	434	1,297
Reversal of provision for impairment of trade receivables (Note 15)	—	(58)
Operating lease rentals in respect of		
— office	3,262	3,133
— staff quarter	758	758
— car park	236	205
Auditors' remuneration		
— Audit services	1,100	1,080
— Non-audit services	—	—
Design fee	—	1,887
Employee benefit expenses (Note 7)	14,184	13,628
Entertainment and travelling expenses	1,093	1,831
Listing expenses	—	13,166
Other expenses	6,142	4,585
Total cost of sales, selling expenses and general and administrative expenses	175,657	149,064

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

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

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					Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
For the year ended 31 March 2017						
Executive directors						
Mr. Cheung Lui ("Mr. Cheung"), Chief Executive Officer (note (i))	120	622	–	418	24	1,184
Mr. Chak Ka Wai, Chief Financial Officer (note (i))	120	780	–	–	24	924
Chief executive						
Ms. Mang Ngai ("Ms. Mang"), Chief Operating Officer (note (ii))	–	820	–	480	18	1,318
Non-executive director						
Ms. Chan Hong Nei, Connie	240	–	–	–	–	240
Independent non-executive directors						
Mr. Choi Sheung, Jeffrey (note (iii))	120	–	–	–	–	120
Mr. Ng Ka Lok (note (iii))	120	–	–	–	–	120
Ms. Luk Huen Ling, Claire (note (iii))	120	–	–	–	–	120
	840	2,222	–	898	66	4,026
For the year ended 31 March 2016						
Executive directors						
Mr. Cheung, Chief Executive Officer (note (i))	60	700	–	329	21	1,110
Mr. Chak Ka Wai, Chief Financial Officer (note (i))	60	713	–	–	21	794
Chief executive						
Ms. Mang, Chief Operating Officer (note (ii))	–	659	–	400	15	1,074
Non-executive director						
Ms. Chan Hong Nei, Connie	200	–	–	–	–	200
Independent non-executive directors						
Mr. Choi Sheung, Jeffrey (note (iii))	60	–	–	–	–	60
Mr. Ng Ka Lok (note (iii))	60	–	–	–	–	60
Ms. Luk Huen Ling, Claire (note (iii))	60	–	–	–	–	60
	500	2,072	–	729	57	3,358

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 2017 and 2016.
- (ii) Ms. Mang was appointed as chief operating officer of the Company on 1 June 2015.
- (iii) Mr. Ng Ka Lok, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire were appointed as the Company's independent non-executive directors on 22 September 2015 with an effective date equivalent to the listing date of the Company.

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 2017 (2016: 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 2017, there was no early termination of the directors' appointment in office (2016: 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 2017 (2016: 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 2017, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2016: 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 (2016: Nil).

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 (2016: 3) directors and executives whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 2 (2016: 2) individuals during the year are as follows:

	For the year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	1,264	993
Bonus	155	400
Provision for unutilised annual leave	14	10
Pension costs — defined contribution plans	18	36
	1,451	1,439

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

	Number of individuals For the year ended 31 March	
	2017	2016
Nil to HK\$1,000,000	2	2

8 FINANCE EXPENSES

	For the year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Interest expenses on bank borrowings	61	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax		
— Current income tax	5,337	3,680
— Deferred income tax (Note 13)	21	(98)
	5,358	3,582

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

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	
	2017 HK\$'000	2016 HK\$'000
Profit before income tax	30,501	7,721
Tax calculated at a tax rate of 16.5% (2016: 16.5%)	5,033	1,274
Expenses not deductible for tax purposes	345	2,328
Tax deduction	(20)	(20)
Income tax expense	5,358	3,582

For the year ended 31 March 2017, the weighted average applicable tax rate was 17.6% (2016: 46.4%). The weighted average applicable tax rate for the year ended 31 March 2017 approximated the tax rate in Hong Kong. The decrease in weighted average applicable tax rate for the year ended 31 March 2016 was mainly due to the non-deductible listing expenses of HK\$13,166,000.

10 DIVIDENDS

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

Dividends of HK\$12,000,000 for the year ended 31 March 2015 were fully paid on 31 August 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 EARNINGS PER SHARE

(a) Basic

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

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

(b) Diluted

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

12 PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 DEFERRED INCOME TAX ASSET

The analysis of deferred income tax asset is as follows:

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Deferred income tax asset:		
Recoverable after 12 months	241	262

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 2015	164
Credited to the consolidated statement of comprehensive income (Note 9)	98
At 1 April 2016	262
Charged to the consolidated statement of comprehensive income (Note 9)	(21)
At 31 March 2017	241

As at 31 March 2017 and 2016, the Group did not have any unrecognised deferred income tax assets and liabilities.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Assets as per consolidated statement of financial position		
Loans and receivables:		
— Trade, bills and other receivables	39,061	10,155
— Cash and cash equivalents	34,016	29,560
Total	73,077	39,715
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost:		
— Trade, bills and other payables	16,825	12,435
— Bank borrowings	1,488	—
Total	18,313	12,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

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

Note:

- (a) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited (“Asian Succeed”), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group’s products and services for a period of five years. On the commencement date, 15 March 2016, the Group shall pay a sign up and incentive fee to Asian Succeed of HK\$5,000,000. This amount was recognised as incentive fee payable to Asian Succeed in the consolidated statement of financial position as it was not paid until April 2016. The prepaid incentive fee is subject to amortisation of five years.

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

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

The Group’s sales are on letter of credit or credit insurance or with credit terms of up to 90 days. At 31 March 2017 and 2016, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

	As at 31 March	
	2017 HK\$'000	2016 HK\$'000
Up to 30 days	19,781	4,555
31 to 60 days	810	1,473
61 to 90 days	13,257	491
Over 90 days	4,414	3,477
	38,262	9,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 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	
	2017 HK\$'000	2016 HK\$'000
Current	16,364	3,576
1 to 30 days	10,970	3,083
31 to 60 days	10,457	916
61 to 90 days	431	2,324
Over 90 days	40	97
Past due but not impaired	21,898	6,420
Total trade and bills receivables, net of provision	38,262	9,996

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

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

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

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

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

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

	As at 31 March	
	2017 HK\$'000	2016 HK\$'000
US\$	30,914	14,081
HK\$	20,176	7,586
EUR	4,484	–
Singapore dollars (“SG\$”)	–	1
	55,574	21,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Cash at banks and on hand	34,016	29,560
Maximum exposure to credit risk	33,974	29,503

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

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
HK\$	8,033	13,964
US\$	17,693	11,342
EUR	8,269	3,874
Renminbi ("RMB")	21	53
SG\$	–	327
	34,016	29,560

17 SHARE CAPITAL

Authorised share capital

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 SHARE CAPITAL (Continued)

Issued and fully paid

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

Notes:

- (a) On 11 May 2015, the Company was incorporated in the Cayman Islands with one share allotted and issued at par value of HK\$0.01 to a first subscriber, who then transferred the share to Alpha Direct. On the same date, 76, 15 and 8 shares were allotted and issued at its par value of HK\$0.01 to Alpha Direct, Success Time Holdings Limited and Wise Manner Limited, respectively.
- (b) On 22 September 2015, the Company acquired Trinity Ally Limited from Fine Sight Enterprises Limited, a company wholly owned by Mr. Cheung for a consideration of allotting and issuing 900 shares to Fine Sight.
- (c) On 22 September 2015, the authorised share capital of the Company increased from HK\$380,000 to HK\$100,000,000 by the creation of additional 9,962,000,000 shares of HK\$0.01 each. On the same date, the Company capitalised an amount of HK\$8,499,990 by charging to the share premium account of the Company at condition and that the said sum to be applied in paying up in full for 849,999,000 shares. Such shares are allotted and issued, credited as fully paid to the then shareholders of the Company.
- (d) In connection with the Company's listing on GEM on 7 October 2015, 150,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.15 per share of the Company for a total consideration of HK\$22,500,000 with issuance costs amounted to HK\$2,690,000 being charged to share premium. This resulted in share premium of approximately HK\$18,310,000.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES (Continued)

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

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
US\$	16,262	6,329
HK\$	1,620	6,026
EUR	–	80
	17,882	12,435

Trade and bills payable

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SUBSIDIARIES

Details of the subsidiaries held by the Group as at 31 March 2017 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held as at 31 March	
				2017	2016
Directly held					
Trinity Ally Limited	British Virgin Islands, limited liability company	Investment holding	US\$1	100%	100%
Best Flight Limited	British Virgin Islands, limited liability company	Investment holding	US\$1	100%	–
Indirectly held					
Season Pacific Limited	Hong Kong, limited liability company	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	Sales of apparel product with the provision of supply chain management total solutions to customers	HK\$10,000	100%	–
雲裳衣貿易(深圳)有限公司	PRC limited liability company	Sales of apparel product with the provision of supply chain management total solutions to customers	(Note a)	100%	–

Note:

- (a) The date of incorporation was 14 December 2016. The authorised share capital is RMB1,000,000 and the share capital has not yet been paid as at 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 BANK BORROWINGS

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

At 31 March 2017, the bank borrowings was repayable within 1 year with the average interest rate per annum ranging from 1.94% to 2.74% (2016: Nil). The exposure of the bank borrowings to interest rate changes and the contractual repricing dates at the end of the year were 6 months or less.

The carrying amounts of the bank borrowings were unsecured, denominated in Hong Kong dollar and approximated their fair values.

21 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	
	2017	2016
	HK\$'000	HK\$'000
No later than 1 year	4,119	3,520
Later than 1 year and no later than 5 years	361	3,602
	4,480	7,122

The Group did not have any material capital commitments as at 31 March 2017 (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 RELATED PARTY TRANSACTIONS

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of the related party	Relationship with the Group
Mr. Cheung	Executive director and ultimate shareholder of the Company
Seven Retail Limited	Formerly controlled by Ms. Mang, a shareholder of the Company and it was no longer controlled by Ms. Mang starting from 20 June 2015.

(b) **Transaction with a related party**

Save as disclosed elsewhere in the consolidated financial statement, the following transaction was carried out with a related party at terms mutually agreed by both parties:

	For the year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Sales commission expenses to Seven Retail Limited in its capacity as a related company (Note)	–	670

Note: During the year ended 31 March 2017, there were no sales commission expenses to Seven Retail Limited. During the year ended 31 March 2016, total sales commission expenses to Seven Retail Limited was HK\$976,000. From 1 April 2015 to 19 June 2015, the commission expenses was HK\$670,000 and disclosed as related party transactions as above and the remaining amount of HK\$306,000 was included in the sales commission expenses to a third party in the consolidated statement of comprehensive income.

(c) **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	
	2017 HK\$'000	2016 HK\$'000
Salaries, bonus and other short-term employee benefits	6,274	5,585
Provision for unutilised annual leave	22	98
Pension costs — defined contribution plans	102	111
	6,398	5,794

23 CONTINGENT LIABILITIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
	NOTE	2017 HK\$'000	2016 HK\$'000
Assets			
Non-current asset			
Investment in subsidiaries		19,645	19,645
Current assets			
Prepayment		273	287
Cash and cash equivalents		4,403	11,220
		4,676	11,507
Total assets		24,321	31,152
Liabilities			
Current liabilities			
Amounts due to subsidiaries		720	5,577
Other payables and accruals		335	231
Total liabilities		1,055	5,808
Equity			
Equity attributable to owners of the Company			
Share capital		10,000	10,000
Other reserves	a	29,455	29,455
Accumulated losses	a	(16,189)	(14,111)
Total equity		23,266	25,344
Total equity and liabilities		24,321	31,152

The statement of financial position of the Company was approved by the board of Directors on 18 May 2017 and was signed on its behalf.

Cheung Lui
Director

Chak Ka Wai
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes:

(a) Reserve movement of the Company

	Accumulated losses	Other reserves
	HK\$'000	HK\$'000
As at 11 May 2015 (date of incorporation)	–	–
Acquisition of subsidiaries	–	19,645
Loss for the period	(14,111)	–
Shares issued upon capitalisation	–	(8,500)
Shares issued for placing	–	21,000
Listing expenses charged to share premium	–	(2,690)
As at 31 March 2016 and 1 April 2016	(14,111)	29,455
Loss for the year	(2,078)	–
As at 31 March 2017	(16,189)	29,455

FINANCIAL HIGHLIGHTS

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

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

ASSETS AND LIABILITIES	As at 31 March			
	2017 HK\$000	2016 HK\$000	2015 HK\$000	2014 HK\$000
Current assets	84,877	45,444	45,111	42,414
Non-current assets	6,032	7,000	1,582	3,382
Total assets	90,909	52,444	46,693	45,796
Current liabilities	29,287	15,965	22,413	36,046
Non-current liabilities	250	250	–	250
Total liabilities	29,537	16,215	22,413	36,296
Net assets	61,372	36,229	24,280	9,500
EQUITY				
Equity attributable to owners of the Company	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 financial information for the year ended 31 March 2013 was not disclosed as consolidated financial statements for the Group have not been prepared for the year ended 31 March 2013.

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