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Application Proof of

SEASON
p a c i f i c

Season Pacific Holdings Limited

雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

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This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with Season Pacific Holdings Limited (the “**Company**”), its sponsor, advisers and members of the underwriting syndicate that:

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* For identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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)

[REDACTED]

**Number of [REDACTED] : [REDACTED] Shares comprising
[REDACTED] [REDACTED] and
[REDACTED] [REDACTED]
[REDACTED] : Not more than HK\$[REDACTED] per
[REDACTED] and expected to be not
less than HK\$[REDACTED] per
[REDACTED], plus [REDACTED] of
1%, SFC transaction levy of 0.0027%
and Stock Exchange trading fee of
0.005% (payable in full on application
in Hong Kong dollars and subject to
refund)
Nominal value : HK\$0.01 each
Stock code : [REDACTED]**

Sole Sponsor



Guotai Junan Capital Limited

[REDACTED] and [REDACTED]

[REDACTED]

[●]

[REDACTED]

[●]

[●]

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A copy of this document, having attached thereto the documents specified under the section headed "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection" of this document, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other documents referred to above.

The [REDACTED] is expected to be fixed by the [REDACTED] between our Company (for ourselves and on behalf of the [REDACTED]) and the [REDACTED] (for themselves and on behalf of the [REDACTED]) on the [REDACTED], which is expected to be on or before [Friday, 28 August] 2015. The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is expected to be not less than HK\$[REDACTED] per [REDACTED]. If our Company (for ourselves and on behalf of the [REDACTED]) and the [REDACTED] (for themselves and on behalf of the [REDACTED]) are unable to reach an agreement on the [REDACTED] by that date or such later date as may be agreed by our Company (for ourselves and on behalf of the [REDACTED]) and the [REDACTED] (for themselves and on behalf of the [REDACTED]), the [REDACTED] will not become unconditional and will not proceed and will lapse immediately.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the indicative [REDACTED] range below that stated in this document at any time prior to the [REDACTED]. In such a case, notices of reduction of the indicative [REDACTED] will be published on our website at www.seasonpacific.com and the website of the Stock Exchange at www.hkexnews.hk.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this document, including the risk factors set out in the section headed "Risk Factors" of this document. Prospective investors of the [REDACTED] should note that the [REDACTED] (for themselves and on behalf of the [REDACTED]) is entitled to terminate their obligations under the [REDACTED] by notice in writing to us (for ourselves and on behalf of the [REDACTED]) given by the Sole Sponsor and the [REDACTED] (for themselves and on behalf of the other [REDACTED]), upon the occurrence of any of the events set forth under the section headed "[REDACTED] — Grounds for termination" of this document at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Such events include, but without limitation to, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out.

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

Our Company has issued this document solely in connection with the [REDACTED], and does not constitute an offer to sell or a solicitation of an offer to subscribe for or to buy any security other than the [REDACTED] offered by this document pursuant to the [REDACTED]. No person may use this document for the purpose of, and it does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. Our Company has taken no action to permit the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. Our Company, the [REDACTED], the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, officers, employees, agents or representatives or any other party involved in the [REDACTED].

The contents on our Company's website at www.seasonpacific.com, do not form part of this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks of investing in the [REDACTED] Shares are set forth in the section headed "Risk Factors" of this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a Hong Kong based company that sells apparel products with the provision of supply chain management and total solutions to our customers. Our founder, Controlling Shareholder, chief executive officer and executive Director, Mr. Cheung, after gaining over 10 years of working experience in apparel industry, established our Group in February 2013. Our comprehensive range of supply chain management solutions include market trend analysis, design and product development, sourcing, production management, quality control and logistics services. We serve a diverse range of customers mainly comprising mid-size brand owners and apparel companies and certain of them have comprehensive operations overseas with private labels that are sold internationally and locally. All of our customers are located in Europe, Middle East, Americas and Asia Pacific.

For the two years ended 31 March 2014 and 2015, our revenue amounted to approximately HK\$126.7 million and HK\$140.7 million, respectively.

BUSINESS MODEL

During the Track Record Period, the apparel products that we sourced and directly sold to our customers were mainly knitted and woven apparels, such as t-shirts, trousers, dresses, shorts, sweaters and jackets for men, women and children. We also sold apparel-related accessories but these only accounted for less than 3.0% of our total revenue for each of the two years ended 31 March 2015. In addition to selling apparels and sourcing suppliers and third-party manufacturers to produce apparels that meet the requirements of our customers, we also offer our customers in-house design capabilities which provide our customers with designs for apparel products from scratch or develop on existing designs that are provided by our customers. We believe that our design and product development teams' in-depth knowledge and understanding of materials and manufacturing methods allow them to offer suitable solutions to resolve any design requirements requested by our customers. We do not own or operate any manufacturing operations. During the Track Record Period, the production of apparels for our customers was carried out by our third-party manufacturers located in the PRC and Bangladesh, who are all Independent Third Parties. We believe that our strengths have contributed to our success are the leadership and insight of our management team.

SUMMARY

CUSTOMERS AND SUPPLIERS

For the two years ended 31 March 2014 and 2015, we expanded our customer base from 19 customers to 28 customers, respectively. Among the 19 customers who have placed orders with us during the year ended 31 March 2014, 12 of them became our recurring customers who have placed orders with our Group during the year ended 31 March 2015. Our customers are comprised of mid-size brand owners and apparel companies that place orders with SKU between 300 and 2,000. We have maintained business relationships with our top five customers for 10 to 24 months.

Our sales to our top five customers accounted for approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. Our sales to our largest customer accounted for approximately 39.8% and 35.7% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. None of our Directors or their close associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of our five largest customers during the Track Record Period.

We have two types of suppliers, one being third-party manufacturers which supply us with the finished apparel products and another being the materials and accessories suppliers which supply some of our materials and accessories required for the production of our apparels.

We typically rely on our third-party manufacturers to source the raw materials required to produce a proto sample, salesman sample, pre-production sample and final product. We have adopted this model as our third-party manufacturers may have better sourcing capabilities and/or may be able to get better pricing for materials due to their economies of scale and the relationship with their own material suppliers. We typically requested for our third-party manufacturers to liaise with the material suppliers directly regarding what materials they need and where to deliver the materials for bulk production. To further enable our third-party manufacturers to source the required materials, all necessary information will be provided to our third-party manufacturers in the techpack. Even if we are not required to source materials directly, we will also share with our third-party manufacturer any source of suppliers that we believe are able to supply the required materials. Only when our third-party manufacturers are unable to source the required materials will we source materials ourselves. Materials that were required to be sourced by us during the Track Record Period include buttons and fabrics. The material suppliers that we have sourced from during the Track Record Period were all located in Hong Kong and only relates to fabrics and other materials for the production of a proto sample.

All of our apparel products (including the proto sample, salesman sample, pre-production sample and final product) are produced by third-party manufacturers who are all Independent Third Parties. Some of our third-party manufacturers only produce proto samples and salesman samples for us as they do not have the production capacity to handle a full order but most of our third-party manufacturers produce proto samples, salesman samples, pre-production samples and final products. For those third-party manufacturers that produce a salesman sample for us, we will in any event, give them the first right to produce the final product as our Directors believe this is in line with market practice. During the Track Record Period, all of our third-party manufacturers were located in the PRC or Bangladesh. Some of our third-

SUMMARY

party manufacturers with factories are located in the PRC have Hong Kong offices through which we may liaise to obtain quotations and finalise purchase orders. The third-party manufacturers located in Bangladesh were used as they were able to manufacture certain items at a lower cost as compared to other third-party manufacturers located in the PRC.

For the two years ended 31 March 2014 and 2015, we engaged 42 and 58 third-party manufacturers, respectively. We have had business relationships with our top five third-party manufacturers from between 10 months to 24 months.

For the two years ended 31 March 2014 and 2015, our Group’s five largest suppliers accounted for approximately 35.3% and 45.8% of total purchases, respectively, with the largest supplier accounting for approximately 9.8% and 11.0% of our total purchases, respectively.

COMPETITIVE STRENGTHS

We believe the following competitive strengths will position us to achieve sustainable growth: (i) our apparel supply chain management services offer total solutions to our customers; (ii) we have built a good relationship with an established network of experienced third-party manufacturers in the PRC; (iii) we have a diversified range of customers; (iv) we have implemented strict quality assurance and control measures for our third-party manufacturers and material suppliers; and (v) our management team with extensive apparel sourcing and design experience. You may refer to the paragraph headed “Business — Competitive Strengths” on page 77 of this document for more details.

BUSINESS OBJECTIVES AND STRATEGIES

Our aim is to continue to promote market recognition, expand our markets and type of customers served and to become a leading supply chain management company in Hong Kong. To achieve these objectives we will implement the following key business strategies: (i) expand the geographical coverage of our customers; (ii) expand the geographical base of our third-party manufacturers; (iii) further develop our design and development capabilities; and (iv) expand our product types to further cater to our customers’ needs.

You may refer to the paragraphs headed “Business — Our Business Strategies” and “Future Plans and [REDACTED] — Business Objectives and Strategies” on pages 86 and 161 of this document respectively for more details.

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SUMMARY OF FINANCIAL PERFORMANCE

The following table sets out a summary of the audited combined financial information of our Group for the two years ended 31 March 2014 and 2015, the summary of consolidated statements of financial position as of 31 March 2014 and 2015 and summary of combined statements of cash flows for the two years ended 31 March 2014 and 2015. For more detailed information, please refer to the Accountant’s Report set out in Appendix I to this document.

Summary of combined statements of comprehensive income

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	126,689	140,739
Cost of sales	(98,685)	(103,512)
Gross profit	28,004	37,227
Profit and total comprehensive income for the year attributable to owners of our Company	9,490	14,780

Summary of combined statements of financial position

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	3,382	1,582
Current assets	42,414	45,111
Non-current liabilities	250	—
Current liabilities	36,046	22,413
Net current assets	6,368	22,698
Net assets	9,750	24,280

Summary of combined statements of cash flows

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(2,305)	28,425
Net cash (used in) investing activities	(3,309)	(84)
Net cash generated from/(used in) financing activities	12,617	(5,978)
Net increase in cash and cash equivalents	7,003	22,363

SUMMARY

Key financial ratios

The following table sets out a summary of key financial ratios for the two years ended 31 March 2014 and 2015. For more detailed information, please refer to the Accountant's Report in Appendix I to this document.

	As at/For the year ended	
	31 March	
	2014	2015
Net profit growth	N/A	55.7%
Gross profit margin	22.1%	26.5%
Net profit margin	7.5%	10.5%
Current ratio ⁽¹⁾	1.2 times	2.0 times
Return on equity ⁽²⁾	99.9%	60.9%
Return on assets ⁽³⁾	20.7%	31.7%
Gearing ratio ⁽⁴⁾	1.3 times	0.3 time

Notes:

- (1) Total current assets divided by total current liabilities as of the end of the year.
- (2) Profit divided by total equity as of the end of the year and multiplied the resulting value by 100%.
- (3) Profit divided by total assets as of the end of the year and multiplied the resulting value by 100%.
- (4) Total debts divided by total equity as of the end of the year. Total debts include bank borrowings and amount due to a Director.

[REDACTED] AND RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Our estimated expenses in relation to the [REDACTED] primarily consist of legal and professional fees in relation to the [REDACTED], the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range stated in this document, the [REDACTED] to be borne by a subsidiary of our Company on behalf of our Company are estimated to be approximately HK\$[REDACTED] million. During the Track Record Period, we paid [REDACTED] of approximately HK\$[REDACTED] million, of which HK\$[REDACTED] million was recognised in the combined statements of comprehensive income for the year ended 31 March 2015 and approximately HK\$[REDACTED] million (HK\$[REDACTED] million will be accounted for as deduction from equity upon [REDACTED] and HK\$[REDACTED] million will be recognised as expenses in the combined statement of comprehensive income for the year ended 31 March 2016) was recognised as deferred [REDACTED] in the combined statement of financial position as at 31 March 2015. We expected to further pay [REDACTED] of approximately HK\$[REDACTED] million, of which approximately HK\$[REDACTED] million is expected to be recognised as expenses in the combined statement of comprehensive income for the year ended 31 March 2016 and approximately HK\$[REDACTED] million will be accounted for as a deduction from equity.

SUMMARY

In light of the gradual recovery of the US economy, we have recently put more effort to further explore the US apparel market. In May 2015, we successfully obtained confirmed orders amounting a total of approximately HK\$[31.2] million for garment products (including leather product) from two new US customers. Such orders will be delivered between the second and the third quarter of 2015. One of the aforesaid customers is an international fashion company which operates 20 stores worldwide with products reaching over 57 countries. The successful development of these two new US customers also represents a milestone for us to expand to leather garment category and we intend to further explore both the US market and leather garment market (e.g. leather accessories) by leveraging on our expertise and experience.

Save for the above, our Directors confirm that there has been no material change in our financial or trading position since 31 March 2015 (being the date to which the latest audited combined financial statements of our Group were made up) and up to the date of this document.

SHAREHOLDER INFORMATION

After completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme), Alpha Direct will beneficially own [REDACTED] of the entire issued share capital of our Company. Alpha Direct is wholly-owned by Mr. Cheung, the founder of our Group and an executive Director. Wise Manner and Success Time will beneficially own [REDACTED] and [REDACTED] of the entire issued share capital of our Company, respectively. Wise Manner is wholly-owned by Ms. Mang and Success Time is wholly-owned by Mr. Yip. You may refer to the section headed “History and Reorganisation” on page 62 of this document for further details.

DIVIDENDS

Interim dividends of HK\$12.0 million for the year ended 31 March 2015 were declared and approved on 4 June 2015. We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant.

[REDACTED]

Our Directors consider that [REDACTED] from the [REDACTED] are crucial for financing our Group’s business strategies. Details of our corporate strategies and business plans are set forth in the paragraph headed “Business Objectives and Strategies — Implementation Plans” on pages 161 to 163 of this document. Our Directors estimate that the [REDACTED] from the [REDACTED] (after deducting the estimated expenses payable by our Group in

SUMMARY

connection with the [REDACTED]) will be approximately HK\$[REDACTED] million based on a [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], round to the nearest cent. It is currently intended that the [REDACTED] will be applied as follows:

Plan	Amount and approximate percentage of [REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

You may refer to the paragraph headed “Future Plans and [REDACTED] — Reasons for the [REDACTED] and the [REDACTED]” on page 161 of this document for further details.

RISK FACTORS

Our Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond our Group’s control. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business with customers in countries other than the PRC; (iii) risk relating to conducting business in the PRC by our third-party manufacturers and suppliers; (iv) risks relating to the [REDACTED] and our Shares; and (v) other risk factor. The following highlights some of the risks which are considered to be material by our Directors:

- our Group’s relatively short operating history in the apparel supply chain management industry may make it difficult to evaluate our prospects and future financial results;
- sales to our top five customers represented approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. If our customers were to terminate their respective relationships with us, or if there were a change in their creditworthiness, our business would be adversely affected;
- sales to our largest markets, Europe and Middle East, accounted for in total approximately 83.1% and 84.5% of our total revenue the two years ended 31 March 2014 and 2015, respectively. Any decrease in the demand for apparels in these two markets may result in a decrease in purchase level;
- we are dependent on third-party manufacturers for the production of apparel products, so disruption to our relationship with them or their manufacturing operations could adversely affect our apparel supply chain management services;
- risks relating to our business operations involving European and Middle East customers; and

SUMMARY

- the economic, political and social conditions of the PRC, as well as its government policies, could adversely affect the financial markets in the PRC and our business and results of operations.

You may refer to the section headed “Risk Factors” on page 20 of this document for further details.

[REDACTED] STATISTICS

[REDACTED]

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

“Alpha Direct”	Alpha Direct Investments Limited, a company incorporated in BVI with limited liability on 2 April 2015 and wholly-owned by Mr. Cheung and one of our Controlling Shareholders
“Articles of Association” or “Articles”	the articles of association of our Company, adopted on [●] with effect from [REDACTED] and as amended from time to time, a summary of which is contained in Appendix III to this document
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of our Company
“business day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general banking transactions to the public
“Business Registration Ordinance”	the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over a certain time period
“[REDACTED]”	[REDACTED]
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules
“Companies Law”	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong
“Companies (Winding Up and Miscellaneous Provision) Ordinance”	the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Season Pacific Holdings Limited, an exempted company incorporated with limited liability in the Cayman Islands on 11 May 2015 and references to “we”, “us” or “our” refer to our Group or, where the context requires, our Company
“Compliance Adviser”	Guotai Junan Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity as defined under the SFO, also acting as the Sole Sponsor
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this document, means Alpha Direct and/or Mr. Cheung
“core connected person(s)”	has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules
“Corporate Governance Code and Corporate Governance Report” or “CG Code”	Appendix 15 to the GEM Listing Rules (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated [●] 2015 and executed by the Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for our present subsidiaries) in respect of, among others, certain indemnities regarding taxation and non-compliance matters, particulars of which are set out in the sub-section headed “Statutory and general information — E. Other information — Tax and other indemnities” in Appendix IV to this document
“Deed of Non-Competition”	the deed of non-competition dated [●] 2015 and executed by the Controlling Shareholders as covenantors in favour of our Company (for itself and as trustee for our subsidiaries from time to time), particulars of which are set out in the sub-section headed “Relationship with Controlling Shareholders — Non-competition undertaking” in this document
“Director(s)”	the director(s) of our Company
“EU”	the European Union
“euro” or “€”	Euros, the lawful currency of EU
“Fine Sight”	Fine Sight Enterprises Limited, a company incorporated in BVI on 8 April 2008 and beneficially owned as to 77% by Mr. Cheung, 15% by Mr. Yip and 8% by Ms. Mang
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“GEM website”	www.hkgem.com, being the internet website operated by the Stock Exchange for the purpose of GEM
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at that time
“[REDACTED]”	[REDACTED]

DEFINITIONS

“HKFRSs”	the Hong Kong Financial Reporting Standards, issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Legal Advisers”	Michael Li & Co.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any directors, chief executive or substantial shareholders of our Company or its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
“Ipsos China”	Ipsos China Limited, an industry consultant
“Ipsos Report”	the industry report prepared by Ipsos China
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED] and [REDACTED]
“[REDACTED]”	[REDACTED]
“Latest Practicable Date”	[17 June 2015], being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	the [REDACTED] of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended from time to time, a summary of which is set out in Appendix III to this document
“Minimum Wage Ordinance”	the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Mr. Cheung”	Mr. Cheung Lui, our executive Director, our founder and one of our Controlling Shareholders
“Mr. Yip”	Mr. Yip Chun Wai David, the sole shareholder of Success Time
“Ms. Mang”	Ms. Mang Ngai, a member of our senior management and the sole shareholder of Wise Manner
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“PRC”	the People’s Republic of China, excluding, for the purposes of this document, Hong Kong, Macau and Taiwan
“[REDACTED] Investments”	the transactions as further described in the section headed “History and Reorganisation — [REDACTED] Investments” in this document
“[REDACTED] Investors”	Success Time and Wise Manner
“[REDACTED] Sale and Purchase Agreement”	the sale and purchase agreement dated 10 April 2015 entered into between Mr. Cheung and Wise Manner
“[REDACTED] Subscription Agreement”	the subscription agreement dated 13 February 2015 (as amended and supplemented by the Side Letter) entered into among Success Time, Fine Sight and Mr. Cheung

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Reorganisation”	the reorganisation of the corporate structure of our Group, further details of which are described under the section headed “History and Development — Reorganisation” in this document
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“[REDACTED]”	[REDACTED]
“Seazon”	Seazon Pacific Limited, a company incorporated in Hong Kong on 4 February 2013 with limited liability and a wholly-owned subsidiary of our Group
“[REDACTED]”	[REDACTED]
“Seven”	Seven Limited, a company incorporated in Hong Kong on 30 June 2004 with limited liability and a wholly-owned subsidiary of Fine Sight
“Seven Retail”	Seven Retail Limited, a company incorporated in Hong Kong on 12 May 2009 and is wholly-owned by an Independent Third Party
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company, further details of which are described in the section headed “Share Option Scheme” in Appendix IV to this document
“Side Letter”	the side letter dated 19 June 2015 and entered into between Success Time, Fine Sight and Mr. Cheung in relation to the right of repurchase of shares under the [REDACTED] Subscription Agreement as detailed on page 69 of this document
“Sole Sponsor” or “Guotai Junan Capital”	Guotai Junan Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO
“sq.ft.” and “sq.m.”	square feet and square metres, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Success Time”	Success Time Holdings Limited, a company incorporated in the BVI with limited liability on 20 January 2015 and wholly and beneficially owned by Mr. Yip
“Track Record Period”	the two financial years ended 31 March 2015
“Trinity Ally”	Trinity Ally Limited, a company incorporated in BVI with limited liability on 2 April 2015 and a subsidiary of our Company
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Unkut”	Unkut International Limited (formerly known as C.I.P. Sourcing (HK) Limited), a company incorporated in Hong Kong with limited liability on 15 April 2013 and a wholly-owned subsidiary of Fine Sight

DEFINITIONS

“US”	United States of America
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wise Manner”	Wise Manner Limited, a company incorporated in BVI with limited liability on 1 April 2015 and wholly-owned by Ms. Mang
“%”	per cent.

Unless otherwise specified, all references to any shareholding in our Company in this document assume no Share which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations and definitions of certain terms used in this document in connection with our Group and our business. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

“CMT”	cut, make and trim. The manufacturer cuts the fabric, sews the garment, attaches the trimmings like hang tags, buttons, labels, etc.
“FOB”	free on board means that the seller pays for transportation of the goods to the port of shipment, plus loading costs
“mood board”	a collage of images, text, and samples of objects in a composition
“OBM”	original brand manufacturer
“ODM”	original design manufacturer
“OEM”	original engineering manufacturer
“pre-production sample”	a sample that is made with actual fabric, trims and accessories
“proto sample”	a sample that is made to communicate the design of a style or a line or to present garment structure. In proto sample, fit and fabric detailing are not normally similar to the final product
“salesman sample”	a sample that is made with actual fabric and trims and accessories which is used for assessing customer’s feedback and response from buyers to forecast demand of that particular style
“SKU”	stock keeping unit is an identification of a particular product (e.g. by type, colour and/or size) that allows it to be tracked for inventory purposes
“techpack”	an informative sheet which encompasses all the specifications of the requirements before the garment manufacturing process. It contains all the details of any specific style of the garment and is usually prepared by the designer and finalised in consultation with the merchandisers, and then forwarded to third-party manufacturers

FORWARD-LOOKING STATEMENTS

Our Company has included in this document forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, our Company uses the words "aim", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- an business strategies and plan of operations;
- an capital expenditure and funding plans;
- general economic conditions;
- capital market development;
- the trends of industry and technology;
- certain statements in "Financial Information" with respect to trends in prices, volumes;
- our operations;
- margins, overall market trends, risk management and exchange rates;
- the regulatory environment for the apparel industry in general and the level of policy support; and
- other statements in this document that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of our Company. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed "Risk Factors" and elsewhere in this document.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to

FORWARD-LOOKING STATEMENTS

assumptions, some of which are beyond the control of our Company. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

RISK FACTORS

Potential investors of the [REDACTED] should carefully consider all of the information set forth in this document and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decision in relation to the [REDACTED]. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our Group's relatively short operating history in the apparel supply chain management industry may make it difficult to evaluate our prospects and future financial results.

Although our management has extensive experience in the apparel industry, our Group has a relatively short operating history in the apparel sales and supply chain management industry. Since our business commencement in February 2013, we have managed to successfully supply apparel products and related accessories and serve customers in over 15 countries. During the Track Record Period, we have managed to grow from a customer base of 19 customers for the year ended 31 March 2014 to 27 customers for the year ended 31 March 2015. We strive to break into new markets and to expand our services to new customers. However, there is no assurance that we will be as successful as we have been during our Track Record Period. Our relatively short operating history in this apparel sales and supply chain management industry may make it difficult to evaluate our prospects and future financial results.

Moreover, there is no assurance that we will be able to successfully implement our business strategies and capture a larger market or increase our customer base in the future. If we are unable to implement our business strategies successfully, our results of operations and prospects may be materially and adversely affected.

Sales to our top five customers represented approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. If our customers were to terminate their respective relationships with us, or if there were a change in their creditworthiness, our business would be adversely affected.

Aggregate sales to our top five customers represented approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively.

We have not signed any long term agreements with our customers and they are not obligated to continue placing orders with us at all or at the comparable purchase level or terms which they historically have done. There are no assurances that they will engage us for our services and sourcing apparel products via our Group in the future. If any of our customers cease to transact with us or reduce the amount of orders placed through our Group, we may not be able to timely identify replacement customers for orders. Even if new orders are obtained, these may not be on comparable or better commercial terms.

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In addition, if any of our top five customers fail to settle the outstanding amounts due to our Group in accordance with the agreed credit terms, our working capital position may be adversely affected. Provisions for impairment or write-offs may also be required for receivables, which will have an adverse effect on our profitability. In such circumstances, our results of operations would be adversely affected.

Sales to our largest markets, Europe and Middle East, accounted for in total approximately 83.1% and 84.5% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. Any decrease in the demand for apparels in these two markets may result in a decrease in purchase level.

During the Track Record Period, Europe and Middle East were our two largest markets based on the geographical destination of shipment of apparel products procured for our customers during such period. Sales to Europe was approximately 47.2% and 45.8% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. Sales to Middle East was approximately 35.9% and 38.7% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. In total, the amount of sales to these two markets for the two years ended 31 March 2014 and 2015 was approximately 83.1% and 84.5% of our total revenue. Any change in economic and political conditions of these markets may adversely affect the spending habits of those end consumers and, therefore, the purchasing decisions of our Europe and Middle East customers. If there were a drastic decrease in the orders from our customers in the Europe and Middle East markets, we cannot guarantee that we could increase orders from other markets to make up for the loss of sales. This would adversely affect our business operations and financial results.

We are dependent on third-party manufacturers for the production of apparel products, so disruption to our relationship with them or their manufacturing operations could adversely affect our apparel supply chain management services.

All of the apparel products we sourced for our customers during the Track Record Period were produced by third-party manufacturers located in PRC and Bangladesh. As such, we rely heavily on the ability and efficiency of third-party manufacturers to produce apparel products for our customers. Our Directors believe that they play a vital role in our apparel supply chain management services. We do not enter into any long term contracts with our third-party manufacturers and instead we engage them on a case-by-case basis depending on the needs and requirements of our customers. There is no assurance that all or any of our third-party manufacturers will continue to produce apparel products for us at our desired quality and quantity, in a timely manner and on terms commercially acceptable to us. Any disruption to our third-party manufacturers' production may inevitably have an impact on their ability to produce the apparels products in line with our required schedule. If any of our third-party manufacturers terminates their business relationship with us or if there were changes to the current business arrangements, we may not be able to source stable and suitable products from comparable alternative third-party manufacturers in a timely manner or on terms commercially acceptable to us. Any of the above may result in production delay which would affect adversely our ability to fulfil customers' orders and in turn adversely affect our sales and profitability.

RISK FACTORS

Further, as we have not entered into any long-term contract with our third-party manufacturers, the terms of services provided by them may also be susceptible to fluctuations with regard to pricing, timing and quality. Any increase in these factors may be passed along to us but we might not be able to pass on all or any of the increase in costs to our customers, which may have material adverse effect to our financial performance.

Any failure to maintain an effective quality management system may have a material adverse effect on our reputation, operations and financial condition.

As an apparel supply chain management service provider, we rely on our internal quality control system to ensure the levels of quality in different areas of our services. If there is any significant failure or deterioration of our quality management system or if we fail to meet or conform to the required specifications of our customers, such failure and any subsequent negative publicity, could result in the loss of sales, which could have a material adverse effect on our business reputation, results of operations and financial condition.

Our customers rely on our ability to design in response to changes in end consumers' preference in a timely manner.

Our supply chain management solutions include the provision of apparel product design services to our customers. Our Directors believe that our success is, to a significant extent, attributable to the ability of our Group's design and product development teams to understand the respective apparel markets of our customers and design desirable apparel products which are responsive and keep abreast with the changes in end consumers' preference. Due to the highly subjective nature of the apparels market and the rapid change in trends for apparels, we may be unable to capture or predict the future fashion trend and continue to develop appealing design for our customers. If we fail to (i) capture, predict or respond timely to our customer's and/or end consumers' preference; or (ii) introduce appealing and commercially viable apparel designs in a timely manner, our business and results of operations may be adversely affected.

Our business is subject to risks related to extreme changes in weather conditions and seasonality trends.

Changes in weather conditions will alter end consumers' taste, design and preference in products and also their consumption behaviour. Certain extreme and unpredictable weather patterns may affect consumer spending and preferences and the choice of products they seek in response to weather changes and other disruptive events. We, as an apparel supply chain service provider, and our customers are accustomed to traditional seasonal cycles and the apparel products we procure for our customers may not adapt to distinct changes between seasons or in weather conditions. For example, if the apparel products are not suitable to accommodate inclement or unfavourable weather conditions, the sales volume of our customers may drop. Also, weather events may affect consumer purchasing priorities and household spending patterns. For example, consumers may spend more on products that help them adapt to weather conditions, or on energy, which may reduce their spending on apparel products and in turn negatively impact our sales. If we fail to adapt to new seasonality trends or consumer spending behaviour, our revenue and business conditions may be adversely affected.

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If we or our third-party manufacturers that we use are required to comply with social responsibility and social compliance standards, we may need to implement additional internal control measures and this may increase our costs and adversely affect our Group’s financial performance.

Our customers currently do not require us or our third-party manufacturers that we use to comply with social responsibility or social compliance standards. If our customers adopt such policies and require that the products manufactured for them are made by manufacturers that have also adopted social responsibility and social compliance standards, we may need to implement additional internal control measures to ensure that the products manufactured for these client are in compliance with the relevant social responsibility standards and this may increase our costs and adversely affect our Group’s financial performance. However, there can be no assurance that we will discover violations to social responsibility and social compliance standards by our third-party manufacturers in a timely manner. If any of our third-party manufacturers fail to remedy a violation, we may cease to allocate orders to them and may be required to re-direct unfulfilled orders to other qualified third-party manufacturers, which could delay our supply chain services and increase our costs and consequently, reduce profitability. We could also experience significant damage to our reputation and affected customers may discontinue our services which could adversely affect our business.

We rely on our management team in operating our business. We also rely on sales representatives for introduction of new customers and business opportunities to our Group.

Our success relies, to a significant extent, on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite expertise. Our management team, comprising our executive Directors and our senior management, on average has approximately 20 years of experience in the apparel industry and our Directors believe that we possess in-depth knowledge and insightful understanding of the culture and preference of our customers. In particular, we rely on, Mr. Cheung, our chief executive officer and an executive Director, who is mainly responsible for sourcing and monitoring projects for our Group. During the Track Record Period, we have also relied on five sales representatives (the former owner of one of which, namely Ms. Mang has become a member of our Group’s senior management) who have extensive knowledge in the apparel industry to assist our Group for introduction of new customers and business opportunities and to give general advice on industry trends. Further information about our management’s experience and our arrangement with our sales representative is set out in the sections headed “Directors and Senior Management” and “Business — Marketing and Promotion” in this document. If any of our executive Directors or our senior management ceases to be involved in the management of our Group in the future and our Group is unable to find suitable replacement in a timely manner, there could be an adverse impact on the business, results of operations and profitability of our Group. On the other hand, if our Group fails to retain the existing or engage new sales representatives, the business prospect of our Group may be adversely affected.

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Our insurance coverage may be inadequate to protect us from potential loss.

There is no certainty that we will be able to successfully claim any of our losses under our current insurance policy on a timely basis. We do not maintain business interruption or key-man life insurance. The occurrence of any of these events may result in our incurring substantial costs and the diversion of our resources. Our insurance coverage may not be sufficient to prevent us from such loss. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business and financial condition could be materially and adversely affected.

We may be unable to successfully implement our business objectives and our expansion plans may not be successful.

Our business objectives are accomplished by implementing various future business plans. Our Directors believe that our future success depends on our ability to continually expand our base of third- party manufacturers and broaden our product offerings. However, such expansion plan is formulated based on assumptions as to the occurrence of certain future events, which may or may not materialise, and thus it is subject to a series of uncertainties and risks, including but not limited to:

- lack of sufficient capital financing and potential ongoing financial obligations;
- failure to achieve the intended level of profitability;
- delays or difficulties in securing suitable new third-party manufacturers; and
- diversion of resources and management attention.

As such, there is no assurance that our expansion plan will materialise within the planned time frame, or at all, or that our business objectives will be fully or partially accomplished. In the event that we fail to accomplish our expansion plan or to do so in a timely manner, we may not be able to achieve our planned future business growth and our operating results may be adversely affected.

We expect to incur significant costs in connection with the expansion of our business. If we are unable to generate sufficient revenue from our business or our financial needs are larger than expected, we may need to raise funds from debt or equity financing means. Alternatively, we may need to make certain modifications to our current intended [REDACTED] as described in “Future Plans and [REDACTED]”, which could have an adverse effect on our operations and future profitability.

We also face the risk that our existing management staff, design and development capabilities, and internal control systems and other systems and procedures may be inadequate to support our expansion plan. If we fail to continue to improve our infrastructure, management or operational systems required to support our expansion plan, we may be unable to achieve our expansion objectives and our business operations may be seriously harmed.

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Possible impact of certain non-recurring expenses on our financial performance.

Notwithstanding our financial performance for the two years ended 31 March 2014 and 2015 as disclosed in this document, our financial results for the year ending 31 March 2016 will be affected by certain non-recurring expenses, including the expenses in relation to the [REDACTED]. Currently, we only have an estimate of our expenses in relation to the [REDACTED] to be incurred and the actual amount to be recognised in the financial statements of our Group for the year ending 31 March 2016 is subject to changes in variables and assumptions. Accordingly, our financial results for the year ending 31 March 2016 will be affected by the expenses in relation to the [REDACTED].

We may be unable to sustain our historical financial performance and may encounter difficulties in sustaining profitability.

Our total revenue amounted to approximately HK\$126.7 million and HK\$140.7 million for the two years ended 31 March 2014 and 2015, respectively. Our gross profit for the two years ended 31 March 2014 and 2015 was approximately HK\$28.0 million and HK\$37.2 million respectively. Our gross profit margin for the two years ended 31 March 2014 and 2015 was approximately 22.1% and 26.5% respectively. For details, see the section headed “Financial Information — Principal statement of profit or loss components — Gross profit and gross profit margin” of this document. Our net profit margin was 7.5% and 10.5% for the two years ended 31 March 2014 and 2015. For details, see the section headed “Financial Information — Major financial ratios analysis — Net profit margin” of this document. However, our revenue and profit during the Track Record Period may not be indicative of our future performance and we may encounter difficulties in sustaining our current profitability. Our future revenue and profitability depend on a number of factors, including but not limited to the successful implementation of our future plans as stated in the section headed “Future plans and [REDACTED]” of this document. Our gross and net profit margins also depend on uncontrollable factors such as the selling prices of our products and purchase cost of finished apparel products which are sensitive to labour cost and raw material cost. Therefore we cannot assure you that we will be able to maintain the current level of profit margins in the future. Investors should be aware that we can offer no assurances that we will be able to increase or maintain our historical revenue or profit levels.

We cannot guarantee the accuracy of facts, projections, other statistics and information derived from various official government publications or the Industry Report, referred to in this document.

Facts, projections, other statistics and information in this document relating to the various markets where our customers are located and the apparel supply chain management services industry has been derived from various official government publications or research report obtained from Ipsos China an industry consultant. We believe that these publications and research report are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of the source materials. They have not been prepared or independently verified by us, the Sole

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Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecasts, statistics and information, which may not be consistent with other information compiled elsewhere. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts, forecasts, statistics and information in this document may be inaccurate or may not be comparable to facts, forecasts, statistics and information produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Hence, you should not unduly rely upon the facts, forecasts, statistics and information with respect to the global, US market and Europe and the apparel supply chain management services industry contained in this document.

Fluctuations in consumer spending caused by changes in macroeconomic conditions may significantly affect our business operations, financial condition, results of operations and prospects.

Our customers' purchasing decisions and quantity of orders they place with us, will be heavily influenced by the likely spending habits of their consumers. Such spending habits may be influenced by macroeconomic conditions in their country of residence. Changes and developments in global political, economic and financial conditions will in turn affect the volume of our business and performance.

If demand of apparel products from end consumers is low, companies operating in the apparel supply chain management industry may experience significant reduction in orders and greater pricing pressures from customers. Other factors such as the imposition of new trade barriers, sanctions, boycotts and other measures, trade disputes, labour disputes, disruptions to the transportation industry, as well as acts of war or hostilities, could delay or prevent the delivery of apparel products to customers in Europe, Middle East, US or elsewhere, or even reduce demand for apparel products. If this were to occur, there would be an adverse effect on our business operations, financial condition, results of operations and prospects.

Further, as almost all of our sales are quoted in U.S. dollars, the strengthening of the U.S. dollars against world's other major currencies, in particular, those used by our customers may result in a lower demand for apparel products due to relatively higher sales price. In the first quarter of 2015, the Euro hit its lowest level of Euro1 to US\$1.05 since 2003. Any further strengthening of the U.S. dollars will continue to put pressure on the purchasing power of our customers whom are located in areas affected by such strengthening and may continue to reduce the orders placed from these customers. Any decrease of our orders from these customers will adversely affect the financial performance of our Group.

We face risks related to health epidemics and other outbreaks of contagious diseases, including avian flu, SARS, MERS and swine flu.

Our business could be adversely affected by the effects of avian flu, SARS, Middle East Respiratory Syndrome (MERS), swine flu or another epidemic or outbreak of communicable diseases. During April 2013, there were outbreaks of highly pathogenic avian flu, caused by the H7N9 virus in certain parts of the PRC. In early 2009, there were reports of outbreaks of a

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highly pathogenic swine flu, caused by the H1N1 virus in certain regions of Asia and Europe. An outbreak of contagious diseases in the PRC or elsewhere could have a material adverse effect on our business operations, or those of our third-party manufacturers and suppliers. This could include restrictions on travel or the shipment of apparel products outside of the PRC or prevent our staff from travelling to customers' offices to discuss product designs or product samples. If any epidemic or outbreak of communicable diseases were to occur in the future, our business operations could be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS WITH CUSTOMERS IN COUNTRIES OTHER THAN THE PRC

Risks relating to our business operations involving European and Middle East customers

We rely significantly on the European and Middle East market and any changes in the economic and regulatory conditions of Europe or Middle East or changes in the business strategy of our European and Middle East customers, may have a material impact on our business.

Most of our revenue is contributable to retail customers in Europe and Middle East who sell apparel products directly in the European and Middle East domestic markets. For the two years ended 31 March 2014 and 2015, revenue generated from the customers in European and Middle East markets accounted for approximately 83.1% and 84.5% of our total revenue for the same years, respectively, while revenue from the sales to other markets accounted for approximately 16.9% and 15.4% of our total revenue for the same years, respectively.

If there is any change in the economic conditions of Europe and Middle East or any change in the management or control of our Europe and Middle East customers, then our Europe and Middle East customers may change their business strategy which may reduce their demand for our apparel products, and this may have an adverse effect on our business performance, financial condition and results of operations.

We do not have direct contractual arrangements with our consumers. Our sales to our customers are made on project basis for upcoming seasons. For example, there may be a serious downturn in the overall economy of Europe and Middle East or in Europe and Middle East apparel retail industry. In addition, during periods of economic or political uncertainty (such as the conflicts in Afghanistan, Iraq and Syria), number of order placed by our European and Middle East customers may be reduced. Our customers are not obliged to place orders with us, so order quantities can fluctuate depending on, among others, the profitability of our customers' businesses and end-consumers' spending power. A renewed economic downturn in the worldwide or continued uncertainties regarding future prospects that affect consumer spending habits in Europe and Middle East may have an adverse effect on the placing of orders by our customers. We can offer no assurances that we will be able to respond quickly to any economic, market or regulatory changes in the Europe and Middle East markets, and any failure to do so may cause an adverse effect on our business performance, financial condition and results of operations.

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RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC BY OUR THIRD-PARTY MANUFACTURERS AND SUPPLIERS

The economic, political and social conditions of the PRC, as well as its government policies, could adversely affect the financial markets in the PRC and our business and results of operations.

Although our operations are not conducted in the PRC, however, most of our suppliers (which are mainly third-party manufacturers) are based in the PRC. Our operations and financial results could, therefore, indirectly be adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretations thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional export restrictions. Furthermore, a significant portion of economic activities in the PRC are export-driven at present and, therefore, are affected by developments in the economies of the principal trading partners of the PRC and other export-driven economies. Since late 2003, the PRC government has implemented a number of measures to prevent the PRC economy from overheating. Many of the economic reforms undertaken by the PRC government are unprecedented and may be subject to change, revision or abolition. We can offer no assurance that the PRC government will continue to pursue a policy of economic and social reform. The policies and other measures taken by the PRC government to regulate the PRC economy and social condition may adversely affect our operating and financial results.

The PRC's legal system is still evolving and the uncertainties as to the interpretation and enforcement of PRC laws could have a material adverse effect on us.

Most of our procurement process for finished apparel products are carried out in the PRC, and thus we are governed primarily by the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes and past court decisions have limited precedential value and are cited for reference only. Since the late 1970s, the PRC government has made significant progress in the development of its laws and regulations governing economic matters, such as foreign investment, company organisation and management, business, tax and trade. As these laws and regulations are still evolving and there are only limited number of non-binding court cases, however, there exist uncertainties about the interpretation and enforcement of the laws and regulations. For the same reasons, any legal protection available to us under these laws and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

RISK FACTORS

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

Investors will experience immediate dilution.

Since the [REDACTED] is higher than the net tangible assets value per Share as at 31 March 2015, subscribers and purchasers of our [REDACTED] in the [REDACTED] will experience an immediate dilution in the unaudited pro forma adjusted net tangible asset value to HK\$[REDACTED] per Share, based on the minimum [REDACTED] of HK\$[REDACTED] per Share, or HK\$[REDACTED] per Share, based on the maximum [REDACTED] of HK\$[REDACTED] per Share.

There has been no prior public market for our Shares and an active trading market for our Shares may not develop prior to the [REDACTED], there has been no public market for our Shares. The initial [REDACTED] range for our [REDACTED] as disclosed in this document was the result of negotiations between us (for ourselves and on behalf of the [REDACTED]) and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may or may not differ significantly from the market price of our Shares immediately upon the [REDACTED]. While we have applied for the [REDACTED] of, and permission to deal in, our Shares on the Stock Exchange, there is no guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, will be sustained following the [REDACTED] or that the market price of our Shares will not decline following the [REDACTED]. We give no assurance that these developments will not occur in the future.

The trading price and the trading volume of our Shares may be highly volatile and may be affected by the following factors:

- actual or anticipated fluctuations in our results of operations;
- recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- changes in investors' perception of our Group and the investment environment generally;
- the liquidity of the market for the Shares;
- potential litigation or regulatory investigations;

RISK FACTORS

- general market conditions or other developments affecting us or the apparel industry in which we operate;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- political, social and economic conditions in the PRC;
- developments in information technology; and
- release of lock-up or other transfer restrictions on our Shareholders.

Moreover, in recent years, the [REDACTED] have experienced significant price and volume fluctuations, some of which may not relate to the operating performance of particular companies. These market fluctuations may adversely affect the market price of our Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares. Our Controlling Shareholders have given a non-disposal undertakings to our Company, the Stock Exchange, the Sole Sponsor, the [REDACTED] and [REDACTED] (for themselves and on behalf of the [REDACTED]) in respect of their Shares and our Company will not be allowed to issue Shares or securities convertible into equity securities of our Company within six months from the [REDACTED]. Please refer to the section headed “[REDACTED]” of this document for a more detailed discussion of the restrictions that may apply to future issues and sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of [REDACTED] or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our Group’s ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders’ interests in our Company may be diluted in the future.

Our Company will comply with Rule 17.29 of the GEM Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the [REDACTED]. Upon expiry of such six-month period, our Group may raise additional funds by way of issue of new equity or equity-linked securities of our Company and such fund-raising exercises may not be conducted on a pro-rata basis to existing Shareholders. As such, the shareholding of our then Shareholders may be reduced or diluted. We may in the future expand our capabilities and business through acquisition, joint venture and strategic partnership with parties who can add value to our business. We may require additional equity funding after the [REDACTED] and the equity interest of our Shareholders will be diluted should our Company issue [REDACTED] to finance future acquisitions, joint ventures and strategic partnerships and alliances.

RISK FACTORS

Our Group may issue additional Shares upon exercise of options that may be granted under the Share Option Scheme. Under the HKFRSs, the costs of share options to be granted under the Share Option Scheme will be charged to our Group's statement of comprehensive income over the vesting period by reference to the fair value at the date of granting of the share options. Our financial results may be adversely affected during the vesting period over the life of any outstanding share options to be granted under the Share Option Scheme. Upon exercise of the outstanding share options, our Company shall allot and issue further [REDACTED] to the holders of such outstanding share options which will result in dilution of shareholders' interests in our Company.

The interests of our Controlling Shareholders may not always coincide with our or your best interests.

Upon completion of the [REDACTED] and [REDACTED] without taking into account, our Controlling Shareholders will own, approximately [REDACTED] of our Shares. If the interests of our Controlling Shareholder conflict with our and/or your interests, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our and/or your interests, Shareholders, including you, may be disadvantaged as a result.

Statistics and facts in this document have not been independently verified.

This document includes certain facts, forecasts and other statistics including those relating to Hong Kong, the PRC, Europe, Middle East, US and their respective economies and apparel industries that have been extracted from government official sources and publications or other sources. Our Company believes the sources of these statistics and facts are appropriate and we have taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts from these sources have not been independently verified by our Company, the [REDACTED], the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective affiliates or advisers or any other party involved in the [REDACTED] and therefore, our Company makes no representation as to the accuracy or completeness of these statistics and facts. As such, these statistics and facts should not be unduly relied upon. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this document may be inaccurate or may not be comparable to statistics produced for other economies. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Lack of liquidity of our Shares and volatility of the [REDACTED] on GEM may be resulted.

Prior to the [REDACTED], there has been no public market for our Shares. There is no guarantee that a liquid public market for our Shares will develop or be sustained upon completion of the [REDACTED]. In addition, the [REDACTED] has been determined by negotiations between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company, and may not be indicative of the market price of our Shares that will prevail

RISK FACTORS

in the trading market and such market prices may be volatile. If an active public market for our Shares does not develop after the [REDACTED], the market price and liquidity of our Shares may be adversely affected. Investors may not be able to sell their Shares at or above the [REDACTED]. The [REDACTED] of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

Termination of the [REDACTED]

[REDACTED]

OTHER RISK FACTOR

Natural disasters, acts of war, terrorist attacks, political unrest and other events may have negative impact on our business.

Natural disasters and other acts of god which are beyond our control may materially and adversely affect the economy and livelihood of the people in Hong Kong. Our operations and financial condition may be adversely affected, especially when such events occur in regions in which our operations, independent manufacturers and raw material suppliers are located.

Acts of war, terrorists' attacks and political unrest may cause damage or disruption to our facilities, our employees, raw material suppliers and our markets, any of which could materially and adversely affect our overall results of operations and financial condition.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Cheung Lui (Chairman and chief executive officer)	Flat C, 5/F Lockoo Gardens No. 6 Cornwall Street Kowloon Tong Kowloon Hong Kong	Chinese
Mr. Chak Ka Wai	Flat H, 13/F, Block 2 Sereno Verde 99 Tai Tong Road Yuen Long New Territories Hong Kong	Chinese
<i>Non-executive Director</i>		
Ms. Chan Hong Nei Connie	Flat A, 19/F The Gracedale No. 23 Yuk Sau Street Happy Valley Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
[Mr. Ng Ka Lok]	Flat F, 7/F, Block 20 Double Cove Starview 8 Wu Kai Sha Road Ma On Shan New Territories Hong Kong	Chinese
[Mr. Choi Sheung Jeffrey]	2A Morengo Court 23-25 Tai Hang Road Causeway Bay Hong Kong	Chinese
[Ms. Luk Yung Yung Claire]	18A, Horace Court 3 Shan Kwong Road Happy Valley Hong Kong	Chinese

Further information on our Directors is disclosed in the section headed "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED

Sole Sponsor

Guotai Junan Capital Limited

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

*(A licensed corporation to carry on type 6
(advising on corporate finance) of the regulated
activity as defined under the SFO)*

[REDACTED] and [REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[●]

[REDACTED]

[●]

[●]

Legal advisers to our Company

As to Hong Kong law:

Michael Li & Co.

19/F, Prosperity Tower
No. 39 Queen's Road Central
Central, Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**Legal advisers to the Sole Sponsor
and the [REDACTED]**

Robertsons

57th Floor
The Center
99 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Reporting accountant

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

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	5/F, AIA Financial Centre 112 King Fuk Street San Po Kong Kowloon Hong Kong
Company's website	www.seasonpacific.com <i>(information contained in this website does not form part of this document)</i>
Company secretary	Mr. Chak Ka Wai, CPA Flat H, 13/F, Block 2 Sereno Verde 99 Tai Tong Road Yuen Long New Territories Hong Kong
Compliance officer	Mr. Cheung Lui Flat C, 5/F Lockoo Gardens No. 6 Cornwall Street Kowloon Tong Kowloon Hong Kong
Authorised representatives	Mr. Cheung Lui Flat C, 5/F Lockoo Gardens No. 6 Cornwall Street Kowloon Tong Kowloon Hong Kong Mr. Chak Ka Wai Flat H, 13/F, Block 2 Sereno Verde 99 Tai Tong Road Yuen Long New Territories Hong Kong

CORPORATE INFORMATION

Audit committee

Mr. Ng Ka Lok (*Chairman*)
Mr. Choi Sheung Jeffrey
Ms. Luk Yung Yung Claire

Remuneration committee

Ms. Luk Yung Yung Claire (*Chairlady*)
Mr. Choi Sheung Jeffrey
Mr. Ng Ka Lok
Mr. Cheung Lui
Ms. Chan Hong Nei Connie

Nomination committee

Mr. Choi Sheung Jeffrey (*Chairman*)
Mr. Ng Ka Lok
Ms. Luk Yung Yung Claire
Mr. Cheung Lui
Ms. Chan Hong Nei Connie

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**

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

Principal banker(s)

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

INDUSTRY OVERVIEW

This section contains certain information, which is derived from government publications and industry sources as well as a commissioned report from Ipsos China, an Independent Third Party. We believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing from them. We have no reason to believe that such information is materially false or misleading or that any fact has been omitted that would render it such. The information derived from the above sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their affiliates and advisers, nor any other party involved in the [REDACTED] and no representation is given as to its accuracy. Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the Ipsos Report, which may qualify, contradict or have an impact on the information and statistics disclosed in this section.

We commissioned Ipsos China, an independent market research company, to conduct an analysis of the apparel and supply chain management service industry in Hong Kong, the finished apparel manufacturing industry in the PRC and the economy and demand for clothing products in the global market in general and in three selected regions, namely: the EU, North America and Middle East from 2009 to 2018. The commissioned Ipsos Report has been prepared by Ipsos China independent of our influence. We cannot guarantee the accuracy of facts, projections and other statistics: see “Risk Factors — Risks relating to our business”. We cannot guarantee the accuracy of facts, projections, other statistics and information derived from various government publications or the Ipsos Report, referred to in this document. Ipsos China has charged a total fee of HK\$538,000 for the Ipsos Report, which reflects the market rate.

INTRODUCTION

Ipsos China is an independent market research company employing approximately 16,000 personnel worldwide across 85 countries. It conducts research on markets, segmentation analysis, distribution and value analyses, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the apparel supply chain management service industry in Hong Kong, apparel manufacturing in the PRC and demand for apparel products in the EU, North America and Middle East. The information contained in the Ipsos Report includes: (i) desk research including government and regulatory statistics, industry reports and analyst reports, industry associations, industry journals and other online sources and data from the research database of Ipsos China; (ii) client consultation to obtain background information on our Company; and (iii) primary research by interviewing key stakeholders and industry consultants.

The methodology used by Ipsos China allows such information to be cross-referenced for accuracy. This is the basis upon which we consider the data and statistics to be reliable.

INDUSTRY OVERVIEW

PARAMETERS AND ASSUMPTIONS USED IN THE IPSOS REPORT

Analyses in the Ipsos Report are based on the following assumptions:

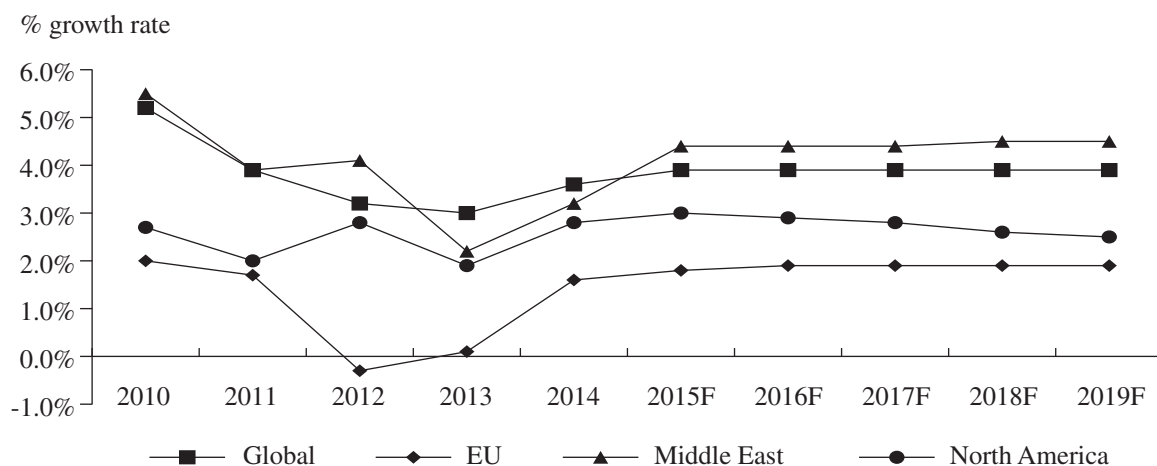
Geographical regions were defined as such:

- Hong Kong
- The PRC
- European Union (“EU”) includes Austria, Belgium, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom
- Middle East includes Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen, Algeria, Libya, Morocco, Tunisia, Sudan and Mauritania
- North America includes USA, Canada, and Mexico

It is assumed that there are no external shocks, such as financial crises or natural disasters, to affect the demand and supply of apparel products over the forecast period and the supply of both local and imported apparel products is assumed to be stable and plentiful over the forecast period. Analyses in the Ipsos Report have taken into account parameters such as the gross domestic product (GDP) growth rate, average annual household disposable income and average annual household consumption expenditure on apparel.

ECONOMIC GROWTH IN THE GLOBAL ECONOMY, NORTH AMERICA, THE EU AND MIDDLE EAST

Real GDP Growth Rate in global, EU, Middle East and North America regions from 2010 to 2019



Note: Real GDP Baseline (2009)

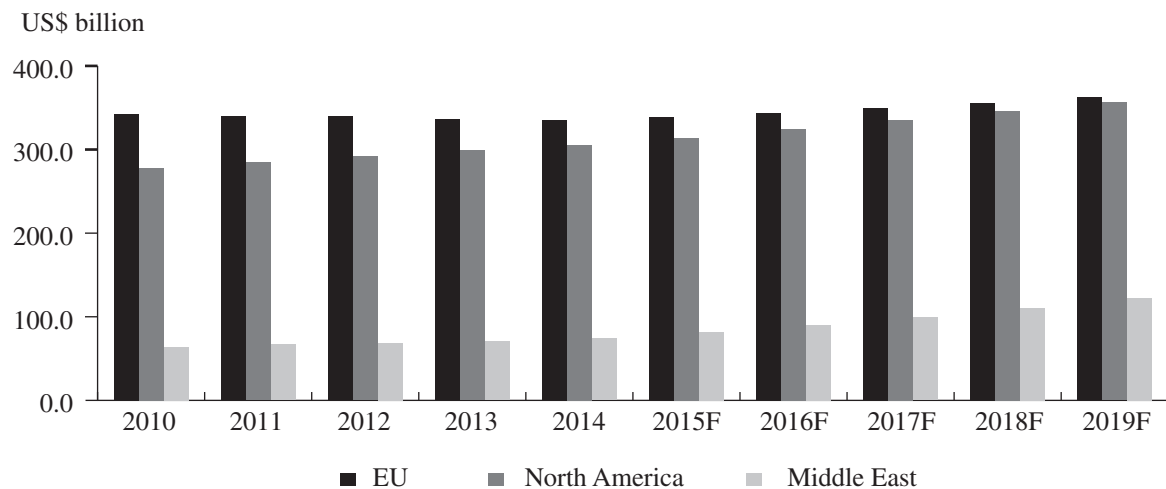
Sources: International Monetary Fund; World Bank; European Commission; Ipsos China research and analysis

INDUSTRY OVERVIEW

It is expected that GDP growth will remain stagnant globally, and across the EU, Middle East and North America from 2015 to 2019. The PRC's booming economy was a key driver of the recovery from the global financial crisis that took place between 2007 and 2009. Global real GDP growth reached approximately 5.2% by the end of 2010. By 2013, however, global economic growth declined to just approximately 3% as the protracted debt crisis in Europe dampened overall productivity.

OVERVIEW OF CLOTHING RETAIL MARKETS IN THE EU, NORTH AMERICA AND MIDDLE EAST

Apparel retail sales value in the EU, North America and Middle East from 2010 to 2019



Source: Ipsos China research and analysis

The EU's clothing retail market

The retail sales value of the EU contracted from approximately US\$341.9 billion in 2010 to approximately US\$335.5 billion in 2014, representing a CAGR of approximately -0.5%. Reasons for the contraction include the European debt crisis and related austerity policies, which weakened consumer confidence. The retail sales value of the EU is forecast to rise from approximately US\$335.5 billion in 2014 to approximately US\$362.4 billion in 2019, representing a CAGR of just approximately 1.6%. Recovery in Germany, UK, Italy and France will be muted due to relatively high debt ratios.

North America's clothing retail market

The retail sales value of North America grew from approximately US\$277.5 billion in 2010 to approximately US\$305.1 billion in 2014, representing a CAGR of approximately 2.4%. This growth is partly attributable to an expanding sector of fashion conscious males whose spending on consumer items has risen throughout the economic recovery. North America's apparel market is expected to expand from approximately US\$314.2 billion to approximately US\$356.2 billion from 2015 to 2019, representing a CAGR of approximately 3.2%.

INDUSTRY OVERVIEW

Middle East's clothing retail market

The retail sales value of Middle East rose steadily from approximately US\$64.0 billion in 2010 to approximately US\$74.0 billion in 2014, representing a CAGR of approximately 3.7%. The rise is due to several factors including robust economic development, a youthful consumer base and strong marketing of countries such as the United Arab Emirates as shopping destinations for tourists. The region's market is forecast to accelerate to a CAGR of approximately 10.8% from 2015 to 2019.

Market trends in targeted clothing retail markets

Online represents high potential for clothing retail

Across the EU online sales are forecasted to grow at a CAGR of approximately 6.0% from 2015 to 2019, as spending migrates from stores and catalogues to online channels. Furthermore, there is ample opportunity to develop this segment as online sales contributed just approximately 12.0% of the region's retail apparel sales in 2014. Middle East consumers are also turning to e-commerce as social media becomes more popular and logistics in the region improve. Studies conducted by the United Kingdom's Interactive Media in Retail Group forecast total e-commerce sales across the Gulf region will grow with a CAGR of approximately 35.4% from 2010 to 2015.

Proliferation of "fast fashion" will increase demand for better supply chain management

Retailers adopting a "fast fashion" model optimise the supply chain to fast-track catwalk styles to the high street and enable consumers to buy these designs at lower prices. Brands in North America are also looking to enhance their supply-chain management to improve trend-spotting abilities and be more responsive to market trends.

Middle East is a market to watch

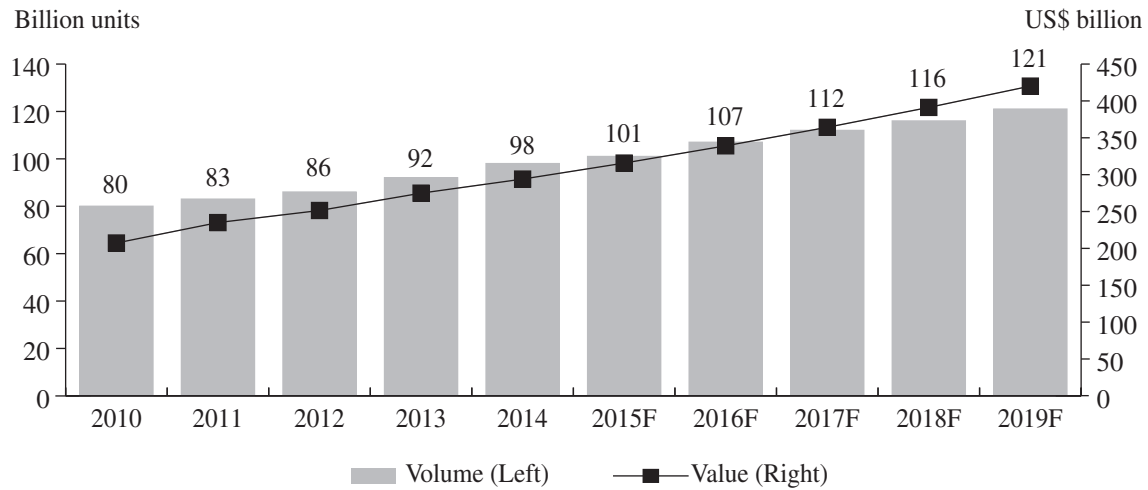
Western influence, channelled through the internet and social media, is shaping lifestyle trends across the region. Consumers increasingly wear imported fashion apparel underneath traditional clothing. International brands have emphasised entering the market due to its receptive consumer base and rapidly expanding retail space, which generates wide exposure for fashion trends.

INDUSTRY OVERVIEW

OVERVIEW OF APPAREL MANUFACTURING AND EXPORT TRADE IN THE PRC

Overview of apparel manufacturing in the PRC

Apparel product value and volume in the PRC from 2010 to 2014



Sources: General Administration of Customs of the People's Republic of China; Ipsos China interviews and analysis

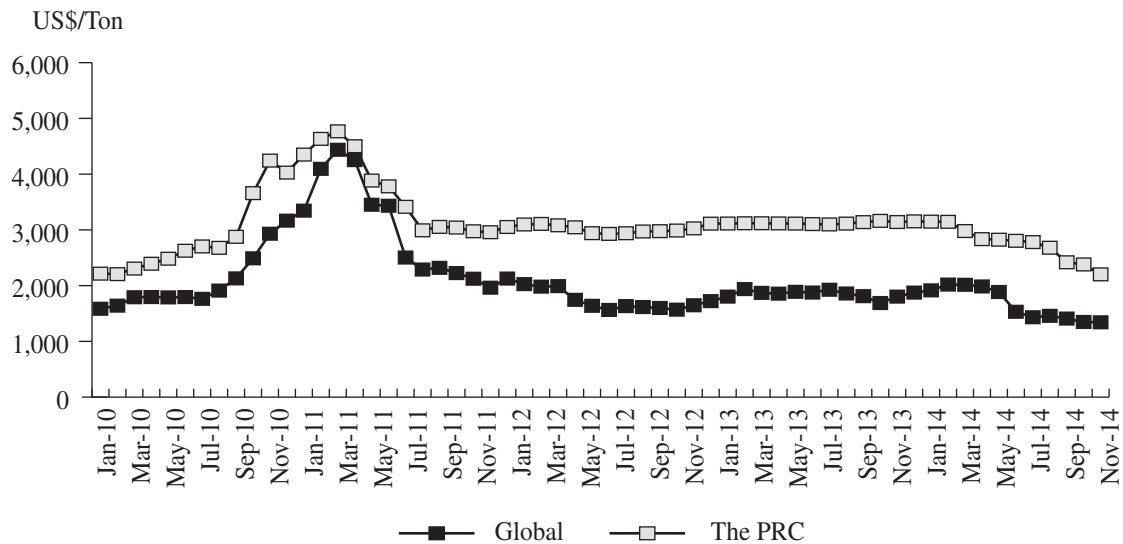
The PRC is a major manufacturing base for apparel and a key player in the industry's international supply chain. The production value of apparel in the PRC grew at a CAGR of approximately 9.1% from 2010 to 2014, while production volume increased at a CAGR of approximately 5.1%. Production value in the PRC is forecast to grow steadily from 2015 to 2019, though at a lower CAGR of approximately 7.4%, driven by demand in both the domestic and export markets.

INDUSTRY OVERVIEW

HISTORICAL PRICE TRENDS OF RAW MATERIALS AND FINISHED PRODUCTS

Raw materials

**Historic cotton prices in the global and the PRC markets
from 2010 to 2014**

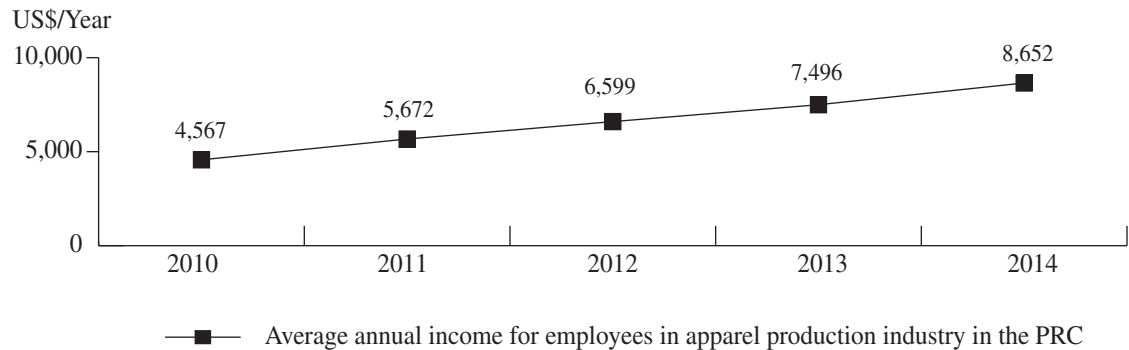


Sources: China Cotton Association; International Cotton Advisory Committee; United States Department of Agriculture; Ipsos China research and analysis

The PRC’s apparel manufacturing industry is a major consumer and importer of cotton. Global cotton prices decreased from an annual average of approximately US\$2,066 per ton in 2010 to approximately US\$1,685 per ton in 2014, representing a CAGR of approximately -5.0%. Cotton prices were extremely volatile from 2010 to 2011, reaching a record high of approximately US\$4,437 per ton in 2011 before falling back sharply. Due to flooding in major cotton producing areas in Australia, Greater China and Pakistan in 2011, cotton supply shrank and the stock-to-use ratio hit a historic low in 2011 pushing prices to an all-time high. Global production and consumption are forecast at approximately 25.9 million tons and approximately 24.5 million tons in 2014 and 2015, respectively, which will create oversupply of approximately 1.4 million tons. Oversupply places downward pressure on global cotton prices. The cancellation of purchase policies implemented by the PRC authorities in response to the global cotton price hike has caused cotton prices on the PRC to decline and converge with global cotton prices, thus reducing the cost of the raw material for the apparel manufacturing industry.

INDUSTRY OVERVIEW

Average annual income for employees in the PRC’s apparel production industry from 2010 to 2014



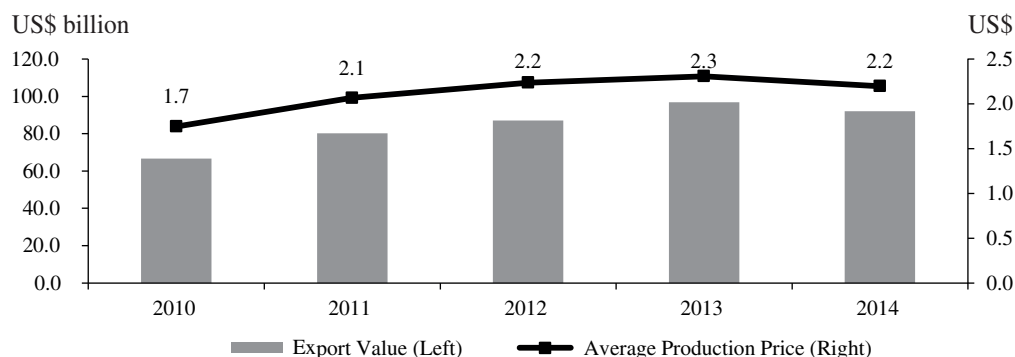
Sources: National Bureau of Statistics of the People’s Republic of China; International Labour Organisation; National Wages and Productivity Commission; Ipsos China research and analysis

Garment production is a labour-intensive industry. Rising labour costs have been a major challenge for Chinese apparel manufacturers for a number of years, climbing from approximately US\$4,567 per year in 2010 to approximately US\$8,652 per year in 2014, representing a CAGR of approximately 17.3%. This is mainly due to Beijing’s “Income-Doubling Plan”, which aims to double average wages from 2010 to 2020, as well as an increase in social insurance contributions required under the 2011 Social Insurance Law. Chinese wages are expected to rise by approximately 8–10% from 2015 to 2019 to better reflect the country’s economic growth.

Prices of finished products

Cut-and-sew knitwear is still a key growth category for apparel exports from the PRC as such products appeal to customers who desire superior elasticity and comfort. They are also priced lower than comparable woven products.

Export value and production price of knitwear from the PRC from 2010 to 2014



Sources: General Administration of Customs of the People’s Republic of China; Ipsos China interviews and analysis

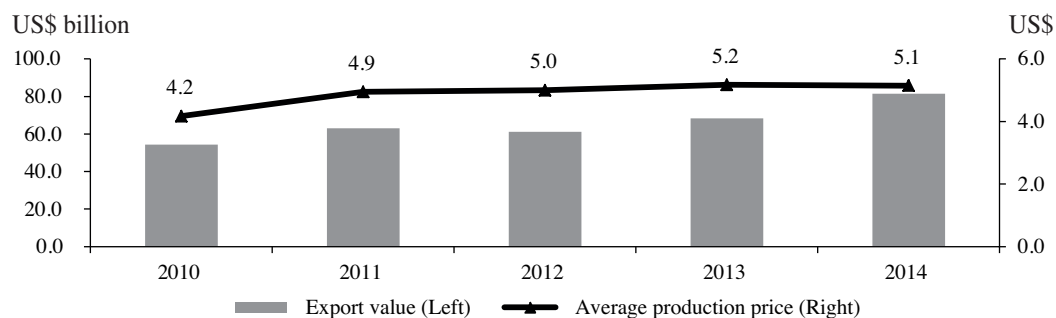
Cut-and-sew knitwear accounted for approximately 58.6% of the PRC’s total apparel exports in 2013 by value and its market share continues to increase.

INDUSTRY OVERVIEW

The export value of this segment increased steadily from approximately US\$66.7 billion in 2010 to approximately US\$96.8 billion in 2013, while its share of total apparel export value from the PRC rose from approximately 55.1% to approximately 58.6% during the same period. The value dropped slightly to approximately US\$92 billion in 2014, mainly as a result of the declining unit price of cotton knitwear clothing. However, the average production price for cut-and-sew knitwear increased from approximately US\$1.7 in 2010 to approximately US\$2.2 in 2014 with a CAGR of approximately 5.9%.

The average unit-selling price of cut-and-sew knitwear in North America fluctuated between approximately US\$15.0 and approximately US\$17.0. Average prices decreased slightly in the EU from approximately US\$13.4 in 2010 to approximately US\$12.4 in 2014. The key factor in this decline was a reduction in the average import price, which was approximately 7% lower during the period. Prices in Middle East were more stable, hovering at approximately US\$13.5 from 2010 to 2014. Import prices have a particularly strong impact within Middle East which explains the regional price spike in 2013 when average import prices hit a high of approximately US\$3.91.

Export value and production price of woven wear from the PRC from 2010 to 2014



Sources: General Administration of Customs of the People's Republic of China; Ipsos China interviews and analysis

The export value of woven wear increased from approximately US\$54.4 billion in 2010 to approximately US\$81.4 billion in 2014, representing a CAGR of approximately 10.6%. During the same period the average production price of woven wear increased from approximately US\$4.2 per unit to approximately US\$5.1 per unit, representing a CAGR of approximately 5.4%.

Growth trends in the average selling price of woven wear are similar in North America and the EU. In the EU, the price increased from approximately US\$33.2 per unit in 2010 to approximately US\$34.7 per unit in 2014. In North America the price rose from approximately US\$36.2 to approximately US\$38.8 over the same period. The similarity is largely due to consumers being willing to pay more for better fitting, higher quality clothing. While the average selling price for woven wear in Middle East was the lowest among the three regions studied in this report, it had the fastest regional growth, rising from approximately US\$22.6 per unit in 2010 to approximately US\$26.8 per unit in 2014, representing a CAGR of approximately 4.3%. This upward trend was the result of higher average import prices for woven wear and growing disposable incomes across the region.

INDUSTRY OVERVIEW

OVERVIEW OF THE APPAREL SUPPLY CHAIN MANAGEMENT SERVICES IN HONG KONG

An apparel supply-chain management (“SCM”) service provider is involved in the entire production process from design to delivery. The precise scope of involvement depends on a company’s in-house capabilities, such as design and manufacturing. More importantly, a company’s key assets are its commercial relationships and its network of suppliers that enable it to provide cost-effective and timely solutions for clients. The main types of apparel supply chain management companies are:

- CMTs, which focus on the cut, make and trim of fabric provided by garment companies;
- OEMs, original equipment manufacturers;
- ODMs, original design manufacturers;
- OBMs, original brand manufacturers; and
- service providers.

Their different business scopes and key drivers/inhibitors of profit are summarised in the table below.

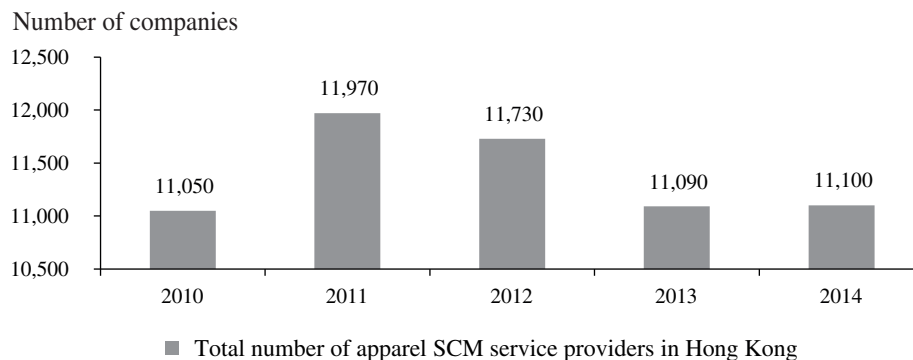
SCM service providers	Capabilities	Key profit drivers	Example countries
Sourcing agents	Coordinate production, including input sourcing and logistics	Reducing input sourcing costs	
Processing factory (CMT)	Marginal supplier; CMT activities and/or shipping ready-made garments	Lower production costs	Cambodia, Caribbean/Central America, Sub-Saharan Africa
Original Equipment Manufacturer (OEM)	Full package provider; upstream logistics, production, and downstream logistics	Lower sourcing and production costs	Bangladesh, Indonesia, Pakistan, Vietnam, Sri Lanka, Mexico, Morocco, Mauritius
Original Design Manufacturer (ODM)	Strategic supplier; full package with design	Lower sourcing and production costs. Provides value-added design services	The PRC, India, Turkey, South Africa

INDUSTRY OVERVIEW

SCM service providers	Capabilities	Key profit drivers	Example countries
Original Brand Manufacturer (OBM)	Design, manufacturing and sales of own brand products, usually sold in domestic or neighbouring countries	Provides value-added services with a focus on downstream activities	Hong Kong, South Korea, Taiwan
Service provider	Pure coordination of supply chain and OEM or ODM activities (non-integrated) and outsources manufacturing; or invests in production in low-cost countries (integrated)	Provides value-added services with a focus on upstream activities	Hong Kong, South Korea, Taiwan (1980); Malaysia, Singapore (1995); Thailand (2010)

Number of apparel supply chain management service providers in Hong Kong

Total number of apparel SCM service providers in Hong Kong from 2010 to 2014



Note: The total number of apparel SCM services providers in Hong Kong includes OEM, ODM, OBM, service providers, and other apparel-related trading companies.

Sources: Ipsos China interviews and analysis

The total number of apparel SCM service providers in Hong Kong reached an estimated 11,100 in 2014 from an estimated 11,050 in 2010, representing a CAGR of approximately 0.1%. Nearly 900 new apparel SCM service providers were registered in 2011 due to growing export demand, which saw the value of apparel exports from the PRC grow by approximately 18.6% from 2011 to 2012. However, the decline in the exports from the PRC and a corresponding intensification in competition forced about the same number of SCM service providers out of the market over the following two years. This decline has been partially mitigated by an increased number of SCM service providers in the PRC, attributable to the

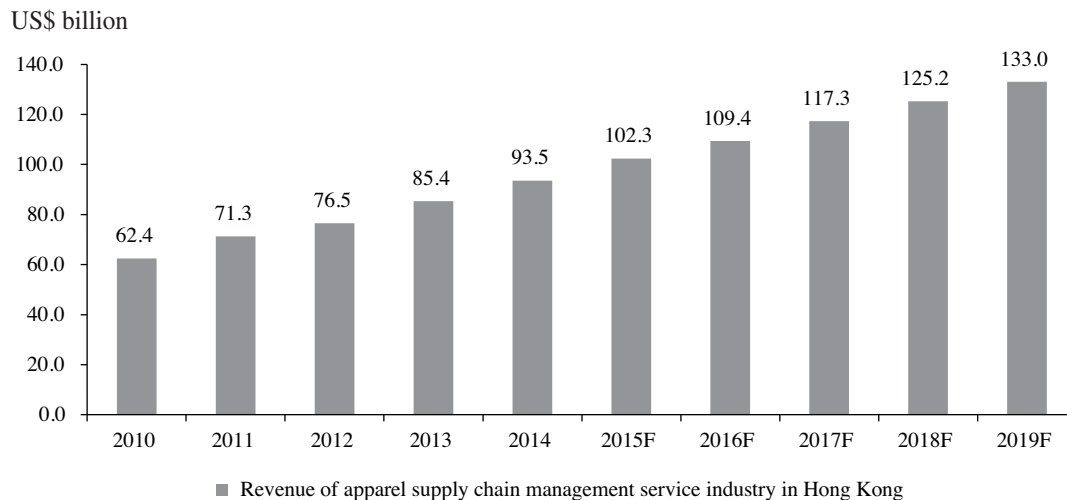
INDUSTRY OVERVIEW

PRC and Hong Kong Closer Economic Partnership Arrangement (CEPA) 《內地與香港關於建立更緊密貿易關係的安排》 which includes several beneficial regulations for apparel export businesses from the PRC, that eases registration regulations for foreign-owned trading companies who are also attracted by the opening of free trade zones and enhanced port facilities. This has resulted in more SCM service providers registering their businesses in the PRC, with the number increasing by approximately 6.5% a year from 2010 to 2014.

The number of apparel SCM service providers in Hong Kong is expected to continue growing. Large-scale providers will have a competitive edge over newcomers due to their trading experience, high profile clients and economies of scale. Furthermore, intensifying price pressure in the garment retail market will see brands and retailers strive for greater efficiency by focusing on their core business while outsourcing SCM functions to specialist providers. Mid-sized and niche brands that lack an economy of scale or local knowledge will also outsource purchasing and production functions to SCM service providers.

Revenue of the apparel supply chain management service industry in Hong Kong

**Total revenue of apparel SCM service industry in Hong Kong
from 2010 to 2019**



Sources: Hong Kong Trade Development Council, World Trade Organisation, Ipsos China research and analysis

The total revenue of Hong Kong's apparel SCM service industry grew rapidly from approximately US\$62.4 billion in 2010 to approximately US\$93.5 billion in 2014, a CAGR of approximately 10.6%, driven in part by rising demand from trading partner countries.

Foreign brands and retailers are also choosing to import more apparel from less developed countries in Asia, a region in which Hong Kong is strategically located. For example, the PRC's export value of apparel rose from approximately US\$121 billion in 2010 to approximately US\$173 billion in 2014, a CAGR of 9.3%. Transaction volumes have increased

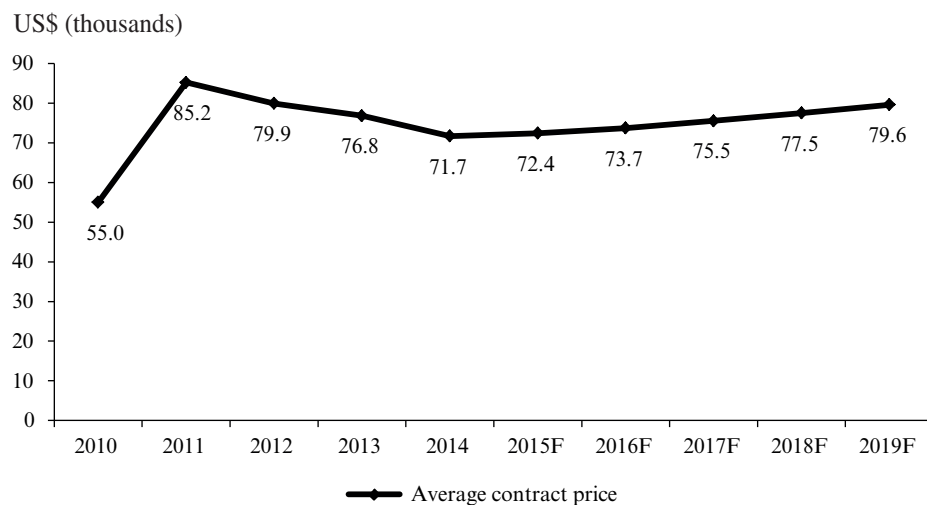
INDUSTRY OVERVIEW

because apparel brand owners and retailers have found it more efficient and cost effective to have SCM service providers manage apparel manufacturers from the PRC and Southeast Asian countries.

The rising average price of apparel exports has driven growth. This is predominantly due to the increased technological capabilities of the PRC manufacturers and more diverse demand from customers, combined the factors have led to a larger proportion of sophisticated and higher value-added apparel products and urgent orders being produced in the PRC.

From 2015 to 2019, global apparel consumption is expected to rise by approximately 5% a year while global trade value is expected to grow by approximately 4% annually. Rising demand for SCM services is expected to drive total revenue for Hong Kong's apparel SCM service industry by approximately 6.8% a year during the same period.

Average price of apparel supply chain management services per contract in Hong Kong from 2010 to 2019



Sources: Ipsos China interviews and analysis

The average price of apparel SCM service per contract grew significantly from an estimated US\$55,000 in 2010 to approximately US\$71,700 in 2014, representing a CAGR of approximately 9.5%. This price is heavily influenced by input costs including labour and raw materials, such as cotton and synthetic fabrics.

The average price surged to approximately US\$85,200 in 2011 due to the spike in cotton prices. Moreover, many companies reduced their order quantities at the time due to lower global demand for garments. As a result their average unit cost increased.

After the surge, the average price declined slowly to approximately US\$71,700 in 2014 in line with the falling cost of cotton, and a CAGR of approximately -5.3% was recorded from 2012 to 2014. However, contract prices remained relatively high as global consumption of apparel started to pick up while input costs, such as labour and energy, also rose.

INDUSTRY OVERVIEW

It is expected that the average price of apparel supply chain management service per contract will exhibit mild annual growth of approximately 2.4% from 2015 to 2019, driven by rising labour costs in major apparel manufacturing countries and growth in global apparel consumption.

Competitive environment

Once clients develop sufficient local know-how and understand how SCM companies operate, they may decide to develop their own in-house division. However, the volume and value of business would have to be substantial enough to make such investment feasible for brand owners and retailers.

Customer bargaining power depends on the scale of the company. For example, large-scale businesses benefit from their larger order volumes per unit and by having greater experience of the region's languages and business cultures, which reduces their reliance on intermediaries. The more influence an intermediary has on the product portfolios of a retailer, the greater its customer retention and bargaining power. As a result of this, many intermediaries focus on smaller business, ranging from start-ups to mid-sized brands.

An increasingly competitive market where order volumes can quickly fall below optimal levels limits supplier bargaining power. Manufacturers with limited capabilities, such as cut-make-trim producers, will become even more reliant on SCM providers to bring in business.

Entry barriers to apparel sales and supply chain management total solutions are relatively low. Sustaining growth is costly, however, and requires significant investment in human capital development. The biggest challenge for new entrants in this industry is in building a team that matches with their clients' needs. For example, merchandisers who are ideal for fast-fashion brands will probably be unable to meet the demands of higher-end brands.

INDUSTRY OVERVIEW

Competitive rivalry

The apparel SCM service industry in Hong Kong is highly fragmented and competitive. There were approximately 11,050 apparel SCM service providers in 2014. The top 5 providers contributed approximately 24.3% of Hong Kong’s total apparel supply chain service industry revenue in 2014. Our Company adopts the non-integrated SCM model and according to the Ipsos Report, our market share of the apparel supply chain management service including in Hong Kong in 2014 was approximately 0.02%.

Ranking	Company	Location of the headquarters	Listed company	Business model	Revenue in 2014 (US\$ million)	Market share (%)
				Non-integrated		
1	Company A	Hong Kong	Yes	SCM	18,415.6	19.69
2	Company B	Ningbo	Yes	OEM	1,811.3	1.94
3	Company C	Hong Kong	No	OEM	955.5	1.02
4	Company D	Hong Kong	Yes	OEM	893.7	0.96
5	Company E	Hong Kong	No	OEM	661.5	0.71
Others					<u>70,778.6</u>	<u>75.68</u>
Total					<u>93,516.2</u>	<u>100.00</u>

Note: Revenues of the top five companies have been adjusted to reflect revenue attributable to their SCM related activities

Sources: Companies’ annual reports and credit reports; Ipsos China interviews and analysis

Competitive factors

Reputation and certifications

Both customer portfolios and certifications can help establish an SCM service provider’s credentials. Apparel brand owners and retailers tend to work with companies that provide qualified products and services effectively and efficiently. Common certifications and standards in the apparel SCM service industry include ISO 9000, ISO 14000 and the Global Organic Textile Standard (GOTS).

Scope of services encompassing the entire supply chain process

The fashion sector is characterised by having shorter product shelf lives than the rest of the apparel market, as well as for its greater product diversity and customisation. SCM service providers that deliver superior sourcing, supplier quality control and shipping management to simultaneously reduce production lead times and costs will be more capable of responding to rapidly changing market trends. This will provide a keen competitive advantage. Even more so if an intermediary has influence over the product portfolio of a retailer.

INDUSTRY OVERVIEW

Scope and economies of scale

Large intermediaries with strong production capacity can draw on their economies of scale to handle high-volume orders from major brands with lower production costs, thereby strengthening their market position. To develop an economy of scale, some intermediaries focus on specific fashion niches in terms of fabric, cut and trim costs. For smaller players with a wide variety of product types, design expertise plays a bigger role in fulfilling customer expectations while enabling them to consolidate orders at the back-end to reduce costs.

Financial risk management

SCM service providers that hold inventory of final products and/or raw materials or have manufacturing capabilities have been hurt by inventory holding costs and/or under-utilisation of manufacturing facilities due to rising labour costs in the PRC, the appreciation of the Renminbi and dampened demand from major export markets, such as the EU and Japan.

Credibility with apparel brand owners or retailers and manufacturers

To reduce operational risks, apparel brand owners and retailers tend to collaborate with apparel SCM service providers they already know. This is especially true for time-sensitive fashion retailers, who are reluctant to change intermediaries and tend to look for long-term agreements and trust-based relationships. Intermediaries can build competitive advantage by focusing on developing trust by working transparently and providing high levels of support while delivering products efficiently and at short notice.

Competitive advantages of our company in the apparel supply chain management services industry in Hong Kong

According to the Ipsos Report, our Company has four key advantages over our competitors: (i) having an experienced and highly professional management team which ranges from experienced merchandisers with in-depth knowledge of supply bases to highly effective design and product development teams capable of transforming complicated designs into viable products; (ii) focusing on niche customers — our value proposition becomes more evident as we target small to mid-sized brand owners and retailers with limited resources, and with whom we co-develop designs and collaborate on product development, thus enabling clients to do business without having complexity and cost of operating their own regional sourcing office; (iii) having a diversified regional customer portfolio — while we compete aggressively in the EU and North America, Middle East is also a key focus, all the more so given apparel products are expected to grow, in value terms, at approximately 10.8% a year from 2015 to 2019, the highest growth amongst the three regions; and (iv) having a highly profitable and financially prudent business structure — our Company operates as a non-integrated SCM service provider with no manufacturing facilities nor inventory holding risks. By being proficient and design focused, we have managed to secure gross margins that are superior to our peers yet remain highly flexible.

INDUSTRY OVERVIEW

Trends in the apparel supply chain management industry in Hong Kong

Shifting focus of consumption markets to high growth countries

Despite high per-capita expenditure on apparel, growth in traditional markets such as the EU and US is being dampened by low population growth and an aging consumer base. Conversely, disposable income in developing markets such as the PRC and Middle East are on the rise.

Diversification of production network

From the supplier side, apparel brand owners and retailers who source products from the PRC tend to reduce production costs by cooperating with manufacturers located in other countries with lower production and labour costs. The growth in import value from the PRC to the US and EU have been lower than that from Vietnam or Bangladesh to the US and EU within the period of 2010 to 2013. Therefore, to remain competitive, apparel SCM service providers must diversify their supply base to lower-cost countries such as Vietnam, Cambodia and Bangladesh.

Use of information and communication technology across the supply chain

Brand owners and retailers are starting to use online B2B commerce sites to publish orders and obtain quotes from manufacturers, posing a threat to traditional intermediaries such as SCM service providers. Currently, these online services can only support small production volumes or simple designs. Apparel SCM service providers will have to become adept at Information and Communication Technology (ICT) to move into higher-value activities such as design and logistics or to access niche markets.

REGULATORY OVERVIEW

HONG KONG REGULATORY OVERVIEW

We only have office and operations in Hong Kong. Based on the advice from our Hong Kong Legal Advisers and the representations of our Company, Seazon had obtained all material requisite licences, approvals and permits from the relevant governmental authorities in Hong Kong for our business operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

REGULATORY OVERVIEW

This section sets forth a summary of the general Hong Kong laws and regulations applicable to our Group’s business in Hong Kong.

Import and Export Ordinance

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) is an ordinance to provide for, among others, the regulation and control of the import of articles into Hong Kong and the export of articles from Hong Kong.

Textiles, which include any natural or artificial fibre products and any combination of natural and artificial fibre as defined under the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong), a subsidiary legislation of the Import and Export Ordinance, are currently not a “prohibited article” under the provision of the Import and Export Ordinance and its subsidiary legislations. Thus, a licence issued by the Director-General of Trade and Industry for permission of importation and exportation is not necessary under the Import and Export Ordinance. However, we can apply for registration under the Import and Export (General) Regulations as a registered textiles trader under the textiles trader registration scheme (“TTRS”). TTRS is a voluntary registration scheme and is not a mandatory requirement for us to conduct our business.

Business Registration Ordinance and Inland Revenue Ordinance

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity which carries on a business in Hong Kong to apply for business registration. We held a valid business registration certificate under the Business Registration Ordinance throughout the Track Record Period and as at the Latest Practicable Date.

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation. We as a company carrying out business in Hong Kong is subject to the profits tax regime under the Inland Revenue Ordinance.

REGULATORY OVERVIEW

Our Directors confirm that Season had complied with the applicable provisions under the Inland Revenue Ordinance throughout the Track Record Period and up to the Latest Practicable Date.

Employment Ordinance, Mandatory Provident Fund Schemes Ordinance and Minimum Wage Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) is an ordinance for, among others, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies in Hong Kong. The Employment Ordinance covers a comprehensive range of employment protection and benefits for employees including, among others, wage protection, paid annual leave, maternity protection, payment in lieu of notice and long service payment. Our Directors confirm that Season has complied with the Employment Ordinance throughout the Track Record Period and up to the Latest Practicable Date.

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) is an ordinance for the purpose of providing for the establishment of the non-governmental mandatory provident fund schemes ("MPF Scheme(s)"). The Mandatory Provident Fund Schemes Ordinance requires every employer of an employee of 18 years of age or above to take practical steps to ensure that the employee becomes a member of a registered MPF Scheme. Season has been a certified participating employer in a registered MPF Scheme and our Directors confirm that Season has complied with the Mandatory Provident Fund Schemes Ordinance throughout the Track Record Period and up to the Latest Practicable Date.

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) is an ordinance for the purposes of providing a minimum wage at an hourly rate for most employees. The Minimum Wage Ordinance establishes a statutory minimum wage ("SMW") regime. SMW has come into force since 1 May 2011 at the SMW rate of HK\$28 per hour. With effect from 1 May 2013, the SMW rate is revised from HK\$28 per hour to HK\$30 per hour. The Legislative Council has recently approved the subsidiary legislation relating to SMW. The revised SMW rate of HK\$32.5 per hour has come into force on 1 May 2015. Our Directors confirm that all employment of our Group with our employees during the Track Record Period and up to the Latest Practicable Date has complied with the Minimum Wage Ordinance.

Registered Designs Ordinance

The Registered Designs Ordinance (Chapter 522 of the Laws of Hong Kong) is an ordinance to provide for registered design right and related matters.

Design elements of a wide range of products such as the shape, configuration, pattern or ornament of an article can be registered as registered designs provided that they appeal to and can be judged by the eye in the finished article. In order to obtain protection as registered designs in Hong Kong, designs must be registered under the Registered Designs Ordinance and the Registered Designs Rules (Chapter 522A of the Laws of Hong Kong), a subsidiary legislation of the Registered Designs Ordinance. It is not a mandatory requirement to register a design in Hong Kong.

REGULATORY OVERVIEW

The registration of a design under the Registered Designs Ordinance gives to the registered owner the exclusive right to the design in relation to the article for which the design is registered. The period of protection of a registered design is renewable for periods of five years, up to a maximum of 25 years in total.

Regulatory and Shareholders’ approval required for the [REDACTED]

The [REDACTED] will be conditional upon, among others, (i) the Stock Exchange granting the approval for the [REDACTED] of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the [REDACTED] and the [REDACTED] and the Shares which may fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme and such approval not having been withdrawn; and (ii) the passing of the resolutions in writing of all the Shareholders on [●] 2015 as referred to in the section headed “Appendix IV — Statutory and general information — Resolutions in writing of all the Shareholders passed on [●]” to this document.

HISTORY AND REORGANISATION

OUR BUSINESS HISTORY

Business development

Our Group is principally engaged in the sales of apparel products and the provision of supply chain management total solutions which delivers a range of services from research, design, product development to sourcing, production management, quality control and logistic services to private labels and international brands. Our principal operating subsidiary, Seazon, was incorporated in Hong Kong on 4 February 2013 and commenced business activities in March 2013.

Experience of Mr. Cheung

Our Group was founded by Mr. Cheung, one of our Controlling Shareholders, the chairman, the chief executive officer and an executive Director of our Company. The funding for the establishment of Seazon was made from Mr. Cheung’s own financial resources. Prior to the establishment of our Group, Mr. Cheung has gained extensive working experience and expertise in management and merchandising skills in the garment industry. In April 2005, Mr. Cheung joined HTP Group Limited, a company principally engaged in sourcing of garment products at the time, as chief financial officer. In January 2006, he was subsequently transferred to HTP Sourcing Limited (currently known as OSG Sourcing Limited), a related company of HTP Group Limited which was also specialised in garment manufacturing and sourcing at the time. The business of HTP Sourcing Limited was then acquired in June 2010 by a sourcing group in Hong Kong which is principally engaged in trading, logistic and distribution of consumer products. Mr. Cheung then served as divisional merchandise manager of HTP Fashion Limited, a subsidiary of the said sourcing group, until June 2013 before joining our Group. For further details of Mr. Cheung’s work experience, please refer to the paragraph headed “Directors and Senior Management — Directors — Executive Directors” of this document.

Business milestones

The major events in our business development are set forth as below:

Date	Milestones
February 2013	Seazon was established in Hong Kong.
March 2013	The business activities of our Group for the sale of apparel products and the provision of apparel supply chain management services commenced.
June to August 2013	We successfully entered Europe, Middle East, South American and North American markets.
January 2014	We expanded our sourcing base from the PRC to Bangladesh where we began to engage a third-party manufacturer for production of knit wear.

HISTORY AND REORGANISATION

Date	Milestones
January to April 2014	We further expanded our customer base to Asia, Australia and New Zealand.
June 2014	We strengthened the capacity of our design and product development department by recruiting an Italian designer as our chief designer to oversee the operation of our design and product development teams and to facilitate our business strategy towards the European markets.
July 2014	We implemented our enterprise resources planning system to accommodate the growth of our business.
August 2014	We successfully developed two high-end fashion brand customers including (i) a product design and development partner of an international and reputable apparel and accessories retailer in US ; and (ii) a well-known fashion brand in Hong Kong which has operation in Hong Kong, the PRC and Japan.
April 2015	We successfully developed a new US client who is an international fashion company operating 20 stores worldwide with products reaching over 57 countries..
May 2015	We expand our product line to high-end genuine leather apparels with leather materials sourcing from European region.

CORPORATE HISTORY AND DEVELOPMENT

[As at the Latest Practicable Date, our Group comprised our Company, Trinity Ally and Season.] Season is the principal operating subsidiary of our Company, while Trinity Ally is an investment holding company. A summary of the corporate history of each member of our Group is set out below.

Companies within our Group

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 May 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each.

On 11 May 2015, one subscriber Share was issued to Sharon Pierson credited as fully paid, which was immediately transferred to Alpha Direct and on the same date, Success Time, Wise Manner and Alpha Direct subscribed for, and to which our Company allotted and issued 15, eight and 76 Shares respectively. Upon completion of the aforesaid transfer and allotment, our Company was owned as to 77% by Alpha Direct, as to 15% by Success Time and as to 8% by Wise Manner.

HISTORY AND REORGANISATION

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 June 2015.

On [●] 2015, our Company acquired the entire issued share capital of Trinity Ally from its then existing sole shareholder, Fine Sight. Upon completion of the acquisition, Trinity Ally became wholly-owned by our Company. In consideration of such acquisition, our Company allotted and issued 900 Shares to Fine Sight, all credited as fully paid. Upon completion of the issue of the said shares, our Company was owned as to 90% by Fine Sight, 7.7% by Alpha Direct, 1.5% by Success and 0.8% by Wise Manner.

On [●] 2015, Fine Sight declared a distribution in specie (the "**Distribution in Specie**") to distribute all its interests in our Company to its then shareholders (or as the shareholders may direct). Under the Distribution in Specie, 693 Shares were transferred from Fine Sight to Alpha Direct under the direction of Mr. Cheung, while 135 Shares and 72 Shares were transferred from Fine Sight to Success Time and Wise Manner respectively. Upon completion of the Distribution in Specie, our Company was owned as to 77% by Alpha Direct, 15% by Success Time and 8% by Wise Manner.

On [●] 2015, the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by creation of additional 9,962,000,000 Shares.

Our Company will [REDACTED] [REDACTED] [REDACTED] in total for subscription under the [REDACTED] and conditional upon the share premium account of our Company being credited with the proceeds from the allotment and issue of [REDACTED] [REDACTED] under the [REDACTED], a sum will be capitalised in paying upon in full at par [REDACTED] Shares to be allotted and issued to Alpha Direct, Wise Manner and Success Time, being the existing Shareholders immediately before the [REDACTED].

Seazon

Seazon is principally engaged in the sales of apparel products and the provision of apparels supply chain management and total solutions to our customers including market trend analysis, design and product development, sourcing, production management, quality control and logistics services. Seazon was incorporated in Hong Kong with limited liability on 4 February 2013 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one subscriber share was allotted and issued to General Business Services Limited. On 6 February 2013, General Business Services Limited transferred the one subscriber share of Seazon at par to Fine Sight and 9,999 shares of Seazon were further allotted and issued to Fine Sight at a consideration of HK\$9,999.

Pursuant to section 135 of the Companies Ordinance which came into force on 3 March 2014, the shares of Seazon ceased to have any nominal value. Save as aforesaid, the share capital and shareholding of Seazon had remained unchanged during the Track Record Period and immediately before the Reorganisation. On [●] 2015, Trinity Ally acquired the entire issued share capital of Seazon from its then registered sole shareholder, Fine Sight. The consideration for the acquisition was satisfied by the allotment and issue of 99 shares of Trinity Ally to Fine Sight, all credited as fully paid. After the acquisition, the entire issued share capital of Seazon was wholly-owned by Trinity Ally.

Since then there has been no further change in the share capital or shareholding of Seazon.

HISTORY AND REORGANISATION

Trinity Ally

Trinity Ally is principally engaged in investment holding. Trinity Ally was incorporated in BVI with limited liability on 2 April 2015 and is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each, of which one share was allotted and issued fully paid to Fine Sight on 5 June 2015.

On [●] 2015, Trinity Ally acquired the entire issued share capital of Seazon from its then registered sole shareholder, Fine Sight. The consideration for the acquisition was satisfied by the allotment and issue of 99 shares of Trinity Ally to Fine Sight, all credited as fully paid. After the acquisition, the entire issued share capital of Trinity Ally was wholly-owned by Fine Sight.

On [●] 2015, our Company acquired the entire issued share capital of Trinity Ally from its then existing sole shareholder, Fine Sight. The consideration for the acquisition was satisfied by the allotment and issue of 900 Shares to Fine Sight, all credited as fully paid. Upon completion of the aforesaid acquisition, Trinity Ally and Seazon became wholly-owned subsidiaries of our Company.

Since then, there has been no further change in the share capital or shareholding of Trinity Ally.

Excluded business

Fine Sight

Fine Sight is a company incorporated in BVI with limited liability on 8 April 2008 and was authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each, all of which were allotted and issued fully-paid to Mr. Cheung on 25 July 2008. On 13 February 2015, the number of shares that Fine Sight is authorised to issue was increased from 50,000 to 100,000 of which 35,000 shares were allotted and issued to Mr. Cheung for a total consideration of US\$35,000.

On 13 February 2015, Fine Sight entered into the [REDACTED] Subscription Agreement with Success Time as subscriber and Mr. Cheung as guarantor to Fine Sight, pursuant to which Success Time agreed to subscribe and Fine Sight agreed to allot and issue 15,000 ordinary shares of Fine Sight, representing 15% of the enlarged issued shares of Fine Sight, for a total cash consideration of HK\$8,000,000. Upon completion of the [REDACTED] Subscription Agreement, Fine Sight was owned as to 85% by Mr. Cheung and 15% by Success Time.

On 10 April 2015, Mr. Cheung and Wise Manner entered into the [REDACTED] Sale and Purchase Agreement pursuant to which Mr. Cheung shall transfer 8,000 shares of Fine Sight, representing 8% of its issued shares, to Wise Manner for a total cash consideration of HK\$4,266,666.67.

Subsequent to the [REDACTED] Investments, Fine Sight was owned as to 77%, 8% and 15% by Mr. Cheung, Wise Manner and Success Time respectively. Fine Sight is principally engaged in investment holding.

HISTORY AND REORGANISATION

Fine Sight would not form part of our Group upon completion of the Reorganisation and upon [REDACTED].

Seven

Seven is a company incorporated in Hong Kong with limited liability on 30 June 2004. During the Track Record Period and up to the Latest Practicable Date, Seven was wholly-owned by Fine Sight. Seven was previously engaged in the granting of the right to use specific trademarks to third-party customers, which was terminated in January 2015 and did not carry on any other business thereafter and up to the Latest Practicable Date. Seven did not engage in any business transaction with Fine Sight and its subsidiaries during the Track Record Period and up to the Latest Practicable Date.

Seven would not form part of our Group upon completion of the Reorganisation and upon [REDACTED].

Unkut

Unkut, previously named C.I.P. Sourcing (HK) Limited, is a company incorporated in Hong Kong with limited liability on 15 April 2013 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one subscriber share was allotted and issued to General Business Services Limited, an Independent Third Party. On 17 April 2013, General Business Services Limited transferred one subscriber share of Unkut to Seazon and 9,999 new shares of Unkut were allotted and issued to Seazon at a consideration of HK\$9,999. On 21 July 2014, the entire issued share capital of Unkut was transferred from Seazon to Fine Sight at a consideration of HK\$10,000. From 21 July 2014 and up to the Latest Practicable Date, the ownership of Unkut remained unchanged. Unkut has been inactive since the date of its incorporation and up to the Latest Practicable Date.

Unkut would not form part of our Group upon completion of the Reorganisation and upon [REDACTED].

Reasons for not including Fine Sight, Seven and Unkut in our Group

Given the fact that Fine Sight is principally engaged in investment holding and that no business had been carried on by Seven and Unkut since January 2015 and up to the Latest Practicable Date, our Directors consider that the exclusion of Fine Sight, Seven and Unkut from our Group can streamline our Group structure and focus on the existing business activities carried on by our Group.

[REDACTED] INVESTMENTS

Overview

On 13 February 2015, Fine Sight entered into the [REDACTED] Subscription Agreement with Success Time as subscriber and Mr. Cheung as guarantor to Fine Sight, pursuant to which Success Time agreed to subscribe and Fine Sight agreed to allot and issue 15,000 ordinary shares of Fine Sight, representing 15% of the enlarged issued shares of Fine Sight (the “**Subscription Shares**”), for a total cash consideration of HK\$8,000,000.

HISTORY AND REORGANISATION

On 10 April 2015, Wise Manner entered into the [REDACTED] Sale and Purchase Agreement with Mr. Cheung, pursuant to which Wise Manner agreed to purchase and Mr. Cheung agreed to sell 8,000 ordinary shares of Fine Sight, representing 8% of the issued shares of Fine Sight, for a total cash consideration of HK\$4,266,666.67.

On 19 June 2015, Fine Sight, Mr. Cheung and Success Time entered into the Side Letter to clarify certain terms of the [REDACTED] Subscription Agreement.

Details of [REDACTED] Investments

Date of the relevant agreement	[REDACTED] Investor (and its ultimate beneficial owner)	Aggregate consideration paid under the [REDACTED] Investments	Basis of consideration	Date of completion (and settlement of full payment) of the [REDACTED] Investments	Approximate percentage of shareholdings in Fine Sight after [REDACTED] Investments (%)	Approximate percentage of interests in our Company upon [REDACTED] (without taking into account any Shares that may be allotted and issued upon exercise of the options to be granted under the Share Option Scheme)	Approximate cost of investment per Share upon [REDACTED]	Approximate percentage of discount to the mid-point [REDACTED] of HK\$[REDACTED] per Share
13 February 2015	Success Time (Mr. Yip)	HK\$8,000,000	The net asset value of Seazon and anticipated future earnings of Seazon	13 February 2015 (settled on 17 February 2015)	15%	[REDACTED]%	[REDACTED]	[REDACTED]%
10 April 2015	Wise Manner (Ms. Mang)	HK\$4,266,666.67	The historical financial performance of Seazon and the future business prospect	10 April 2015 (settled on 14 April 2015)	8%	[REDACTED]%	[REDACTED]	[REDACTED]%

Beneficial owners of [REDACTED] Investors

To the best of our Directors’ knowledge information and belief having made all reasonable enquiries, Success Time is wholly and beneficially owned by Mr. Yip, who is a passive investor acquainted by Mr. Cheung during a social occasion in late 2014. Mr. Yip has worked at several Hong Kong listed companies holding senior positions. He had previously served in China Billion Resources Limited (formerly known as Global Green Tech Group Limited, stock code: 274), the shares of which are listed on the Stock Exchange, as both an executive director and the chief executive officer from September 2009 to January 2012 and as an executive director from January 2012 to October 2013. Mr. Yip was appointed as an executive director of Legend Strategy International Holdings Group Company Limited (stock code: 1355) from July 2014 to November 2014. He was appointed as the independent non-executive director of Greater China Professional Services Limited (stock code: 8193) from July 2014 to November 2014 and has been redesignated as an executive director since November 2014. On 9 June 2015, Mr. Yip was appointed as an executive director of Sandmartin International Holdings Limited (Stock code: 482). Save for the [REDACTED] Investments, each of Success Time and Mr. Yip is independent of and not connected with our Group and/or any connected person(s) of our Company.

HISTORY AND REORGANISATION

To the best of our Directors' knowledge information and belief having made all reasonable enquiries, Wise Manner is wholly and beneficially owned by Ms. Mang, the chief operating officer and senior management of our Group. Ms. Mang was also a director of, and had indirect interest in, Seven Retail, which entered into a sales representative and consultancy agreement (the "**Sales Representative and Consultancy Agreement**") with Seazon on 15 July 2013 in relation to the appointment of Seven Retail as the non-exclusive sales representative of Seazon. Pursuant to the Sales Representative and Consultancy Agreement, Seazon shall pay Seven Retail a commission equivalent to 1.8% of the sales on the business Seven Retail brings to Seazon. On 10 April 2015, Ms. Mang had disposed of all her indirect interest in Seven Retail. On 1 June 2015, Ms. Mang was appointed as the chief operating officer of our Company. By a supplemental Sales Representative and Consultancy Agreement dated 1 June 2015, Seazon and Seven Retail agreed that, with effect from 1 June 2015, the sales commission would be reduced from 1.8% to 0.9% of the sales on the business Seven Retail brings to Seazon. Save for the [REDACTED] Investments and as disclosed above, each of Wise Manner and Ms. Mang is independent of and not connected with our Group and/or any connected person(s) of our Company.

Benefits of the introduction of the [REDACTED] Investors

In light of our Group's needs for additional capital to finance our growing business and the expenses incurred during the preparation of the [REDACTED], we are of the view that the investment made by Success Time would serve the purpose of fund raising. In addition, since Mr. Yip, the sole shareholder of Success Time, has extensive work experience in Hong Kong listed companies and financial sectors, we believe that his investment in our Group would boost the confidence of potential public investors. On the other hand, given that Ms. Mang has extensive experience in apparel industry and has made significant contributions to our Group, we consider that the introduction of Ms. Mang to our Group as a Shareholder (as well as our chief operating officer) would align the interest of Ms. Mang and our Group and benefit the our future development.

Basis of consideration

The terms of the [REDACTED] Subscription Agreement were arrived at after arm's length negotiations among Success Time, Fine Sight and Mr. Cheung and the consideration paid by Success Time thereunder was determined with reference to the net asset value of Seazon and anticipated future earnings of our Group. The proceeds from the [REDACTED] Subscription Agreement will be used to partially finance the costs of the borrowing and for general working capital of Seazon.

The terms of the [REDACTED] Sale and Purchase Agreement were arrived at after arm's length negotiations between Wise Manner and Mr. Cheung and the consideration paid by Wise Manner thereunder was determined with reference to historical financial performance of Seazon and the future business prospects of our Group.

HISTORY AND REORGANISATION

Rights of the [REDACTED] Investments

Call Option under the [REDACTED] Subscription Agreement

Under the [REDACTED] Subscription Agreement, Success Time granted Mr. Cheung the right (the "**Option**") to require Success Time to sell the shares in Fine Sight (the "**Option Share(s)**") to Mr. Cheung at the option price of HK\$10 per Option Share.

The Option may be exercised in whole but not in part by Mr. Cheung at any time after 30 September 2016 provided that a [REDACTED] of the shares of Seazon or its holding company does not materialise other than as a result of a default event. For the purpose of the Option, a default event means the inability to conduct the [REDACTED] due to reasons of (i) unsuitability of controlling shareholders and/or the directors as a result of criminal events/actions, regulatory sanctions or reprimands leading to such person unsuitable to be a director of a listed company; or (ii) material breaches of Seazon or any member of our Group of laws and regulations during the relevant Track Record Period (a "**Default Event**").

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, no Default Event had occurred since the entering into of the [REDACTED] Subscription Agreement and up to the Latest Practicable Date.

Exit right under the [REDACTED] Subscription Agreement (as clarified by the Side Letter)

Pursuant to the [REDACTED] Subscription Agreement, Fine Sight and Mr. Cheung agreed to undertake to Success Time that in the event that the [REDACTED] does not materialise by 30 September 2016 as a result of a Default Event, then either Mr. Cheung shall acquire the Subscription Shares from Success Time for an amount equal to the consideration paid by Success Time under the [REDACTED] Subscription Agreement (the "**Consideration**") or Fine Sight shall, subject to compliance with the relevant laws and requirements, repurchase the Subscription Shares at the Consideration. Such acquisition or repurchase (provided that the [REDACTED] does not materialise by 30 September 2016) shall take place as soon as possible after 30 September 2016.

Pursuant to the Side Letter, Mr. Cheung has undertaken to Success Time that, with effect from 13 February 2015, in the event that the [REDACTED] does not materialise by 30 September 2016 due to a Default Event, Mr. Cheung shall acquire the Subscription Shares for an amount equal to the Consideration. For the avoidance of doubt, Fine Sight shall be relieved from the obligation to acquire the Subscription Shares at the Consideration in the event that the [REDACTED] does not materialise by 30 September 2016 as a result of a Default Event. Save as disclosed above, all other terms and conditions of the [REDACTED] Subscription Agreement shall remain unchanged and continued in full force and effect.

Lock-up

The Shares to be held by Success Time upon completion of the Reorganisation will not be subject to any lock-up after [REDACTED].

HISTORY AND REORGANISATION

Wise Manner and Ms. Mang have undertaken to our Company and the [REDACTED] that they will be subject to a lock-up period of six months from the [REDACTED]. Please refer to the paragraph headed “[REDACTED] — Lock-up Undertaking by [REDACTED] Investors” for details of the undertaking given by Wise Manner and Ms. Mang.

[REDACTED]

As Success Time is a substantial shareholder of our Company (as defined under the GEM Listing Rules) and Wise Manner is wholly and beneficially owned by Ms. Mang, the chief operating officer of our Company, the Shares to be held by Success Time and Wise Manner will not be considered as part of the [REDACTED] for the purpose of Rule 11.23 of the GEM Listing Rules.

The Sole Sponsor has confirmed that the investments by Success Time and Wise Manner are in compliance with the (i) the “Interim Guidance on [REDACTED] Investments” issued by the [REDACTED] as the considerations for those investments were all settled more than 28 clear days before the date of our first submission of the [REDACTED] form to the Stock Exchange in relation to the [REDACTED]; and (ii) the “Guidance on [REDACTED] investments” (GL43–12) issued by the [REDACTED] as the special rights enjoyed by Success Time and Wise Manner will terminate upon [REDACTED].

As our Company did not issue any convertible instruments to Success Time and Wise Manner, the “Guidance on [REDACTED] investments in convertible instrument” (GL44–12) issued by the [REDACTED] does not apply.

REORGANISATION

In contemplation of the [REDACTED], our Group has undergone the following major restructuring steps pursuant to the Reorganisation:

- (a) On 11 May 2015, our Company was incorporated in the Cayman Islands to act as the holding company of our Group. The authorised share capital of our Company upon incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One subscriber Share was allotted and issued at par to the first subscriber, Sharon Pierson, which was immediately transferred to Alpha Direct at par and on the same date, Success Time, Wise Manner and Alpha Direct subscribed for and to which our Company allotted and issued 15, 8 and 76 Shares respectively.
- (b) On [●] 2015, Trinity Ally acquired the entire issued share capital of Seazon from its then registered sole shareholder, Fine Sight. The consideration for the acquisition was satisfied by the allotment and issue of 99 shares of Trinity Ally to Fine Sight, all credited as fully paid.
- (c) On [●] 2015, our Company acquired all the issued shares of Trinity Ally from its existing shareholder, Fine Sight. The consideration for the acquisition was satisfied by the allotment and issue of 900 Shares to Fine Sight, all credited as fully paid.

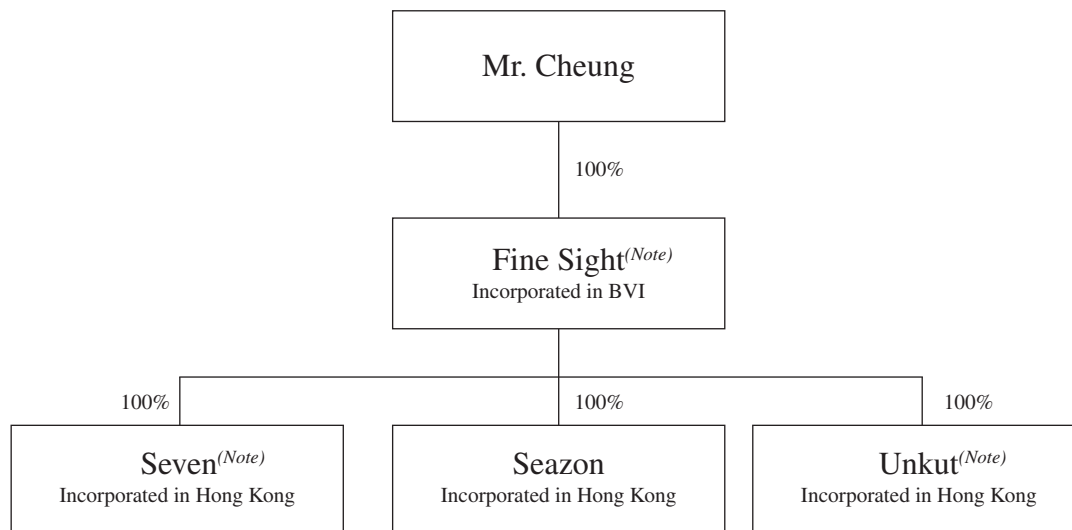
HISTORY AND REORGANISATION

- (d) On [●] 2015, Fine Sight declared a distribution in specie to distribute all its interests in our Company to its shareholders (or as the shareholders may direct). Under the aforesaid distribution, 693 Shares were transferred from Fine Sight to Alpha Direct under the direction of Mr. Cheung, while 135 Shares and 72 Shares were transferred from Fine Sight to Success Time and Wise Manner respectively. Upon completion of the aforesaid distribution, our Company was owned as to 77% by Alpha Direct, 15% by Success Time and 8% by Wise Manner.

CORPORATE STRUCTURE OF OUR GROUP

As a result of the Reorganisation, our Company became the ultimate holding company of our Group. The following diagrams set out the shareholding structure and corporate structure of our Group (i) immediately prior to the [REDACTED] Investments; (ii) immediately following the completion of the [REDACTED] Investments (but before the Reorganisation); (iii) immediately after the Reorganisation (but before the [REDACTED] and the [REDACTED]); and (iv) immediately following the completion of the [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme).

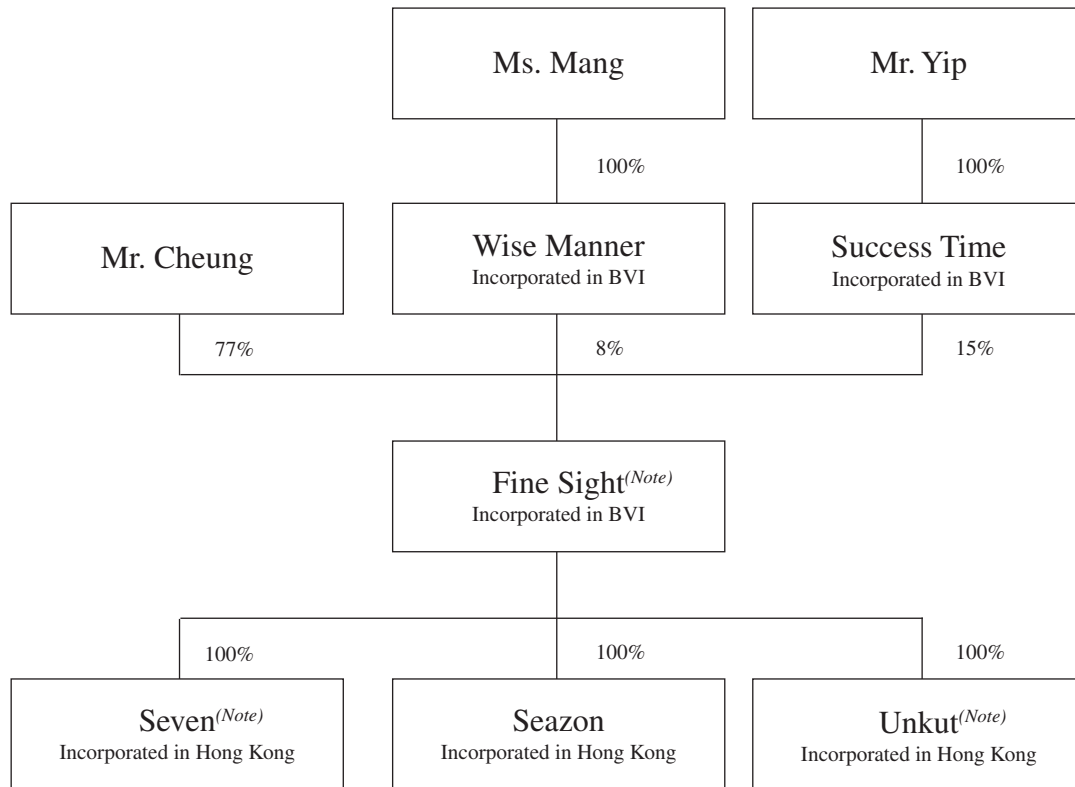
Immediately prior to the [REDACTED] Investments



Note: Fine Sight, Seven and Unkut will not form part of our Group upon [REDACTED].

HISTORY AND REORGANISATION

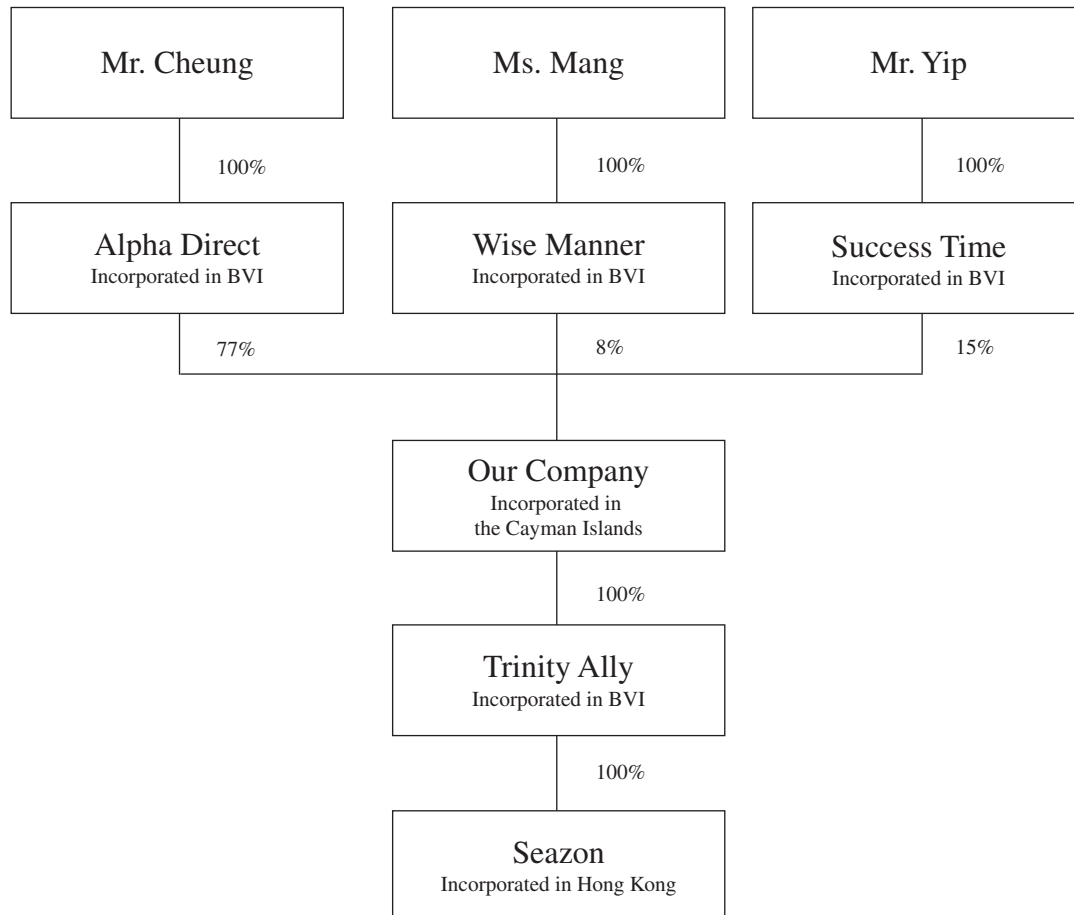
Immediately following the completion of the [REDACTED] Investments (but before the Reorganisation)



Note: Fine Sight, Seven and Unkut will not form part of our Group upon [REDACTED].

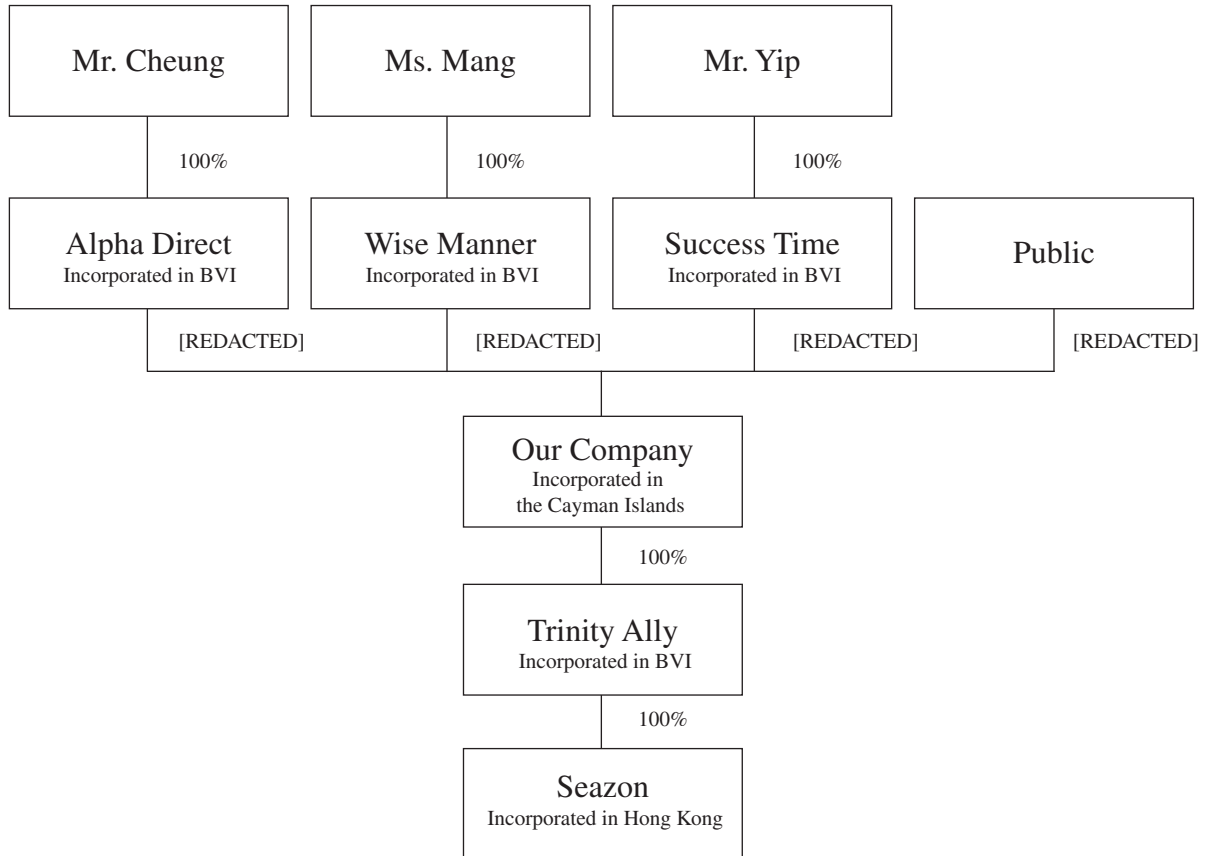
HISTORY AND REORGANISATION

Immediately after the Reorganisation (but before the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be allotted and issued upon the exercise of the option which may be granted under the Share Options Scheme)



HISTORY AND REORGANISATION

Immediately following completion of the [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme)



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OVERVIEW

We are a Hong Kong based company that sells apparel products with the provision of supply chain management and total solutions to our customers. Our founder, Controlling Shareholder, chief executive officer and executive Director, Mr. Cheung, after gaining over 10 years of working experience in apparel industry, established our Group in February 2013. Our comprehensive range of supply chain management solutions include market trend analysis, design and product development, sourcing, production management, quality control and logistics services. We serve a diverse range of customers mainly comprising mid-size brand owners and apparel companies and certain of them have comprehensive operations overseas with private labels that are sold internationally and locally. All of our customers are located in Europe, Middle East, Americas and Asia Pacific.

We can summarise our supply chain management solutions as follows:



During the Track Record Period, the apparel products that we sourced and directly sold to our customers were mainly knitted and woven apparels, such as t-shirts, trousers, dresses, shorts, sweaters and jackets for men, women and children. We also sold apparel-related accessories but these only accounted for less than 3.0% of our total revenue for the two years ended 31 March 2014 and 2015. In addition to selling apparels and sourcing suppliers and third-party manufacturers to produce apparels that meet the requirements of our customers, we also offer our customers in-house design capabilities which provide our customers with designs for apparel products from scratch or develop on existing designs that are provided by our customers. We believe that our design and product development teams' in-depth knowledge and understanding of materials and manufacturing methods allow them to offer suitable solutions to resolve any design requirements requested by our customers. We do not own or operate any manufacturing operations. During the Track Record Period, the production of apparels for our customers was carried out by our third-party manufacturers located in the PRC and Bangladesh, who are all Independent Third Parties. We believe that our strengths have contributed to our success are the leadership and insight of our management team.

Through the guidance and leadership of our management team, in particular, our chief executive officer, Mr. Cheung, we strive to remain flexible and sensitive to the increasing and changing needs of our customers and to create the best tailor-made design and product for them at a competitive price.

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The following table sets out the breakdown of revenue generated by products with design element, standard products and accessories during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Products with design element (<i>Note 1</i>)	115,919	91.5	127,158	90.4
Standard products (<i>Note 1</i>)	7,537	5.9	10,903	7.7
Accessories (<i>Note 2</i>)	3,233	2.6	2,678	1.9
Total	<u>126,689</u>	<u>100.0</u>	<u>140,739</u>	<u>100.0</u>

Notes:

- (1) Products with design element are apparel products which are produced based on design and techpack requirements created by our design and product development teams and approved by our customers. Standard products are apparel products which are produced based on specific design and techpack requirements determined by our customers.
- (2) Such as belts, caps, earmuffs, gloves, hats, scarves and hangers.

For the two years ended 31 March 2014 and 2015, our Group had 19 and 27 customers, respectively. A majority of our customers have been introduced to us by external sales representatives which we have appointed and jointly developed with our staff. Details of the revenue generated from customers introduced by our external sales representatives are set out in the section headed “Business — Marketing and promotion” in this document.

During the Track Record Period, our sales region (according to the countries exported) covered a total of 15 countries. Our sales region increased from 11 countries for the year ended 31 March 2014 to 15 countries for the year ended 31 March 2015. The table below sets out the breakdown of our revenue by geographical segments during the Track Record Period:

Region	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Europe (<i>Note 1</i>)	59,792	47.2	64,514	45.8
Middle East (<i>Note 2</i>)	45,531	35.9	54,482	38.7
Americas (<i>Note 3</i>)	19,782	15.6	7,988	5.7
Asia Pacific (<i>Note 4</i>)	1,584	1.3	13,755	9.8
Total	<u>126,689</u>	<u>100.0</u>	<u>140,739</u>	<u>100.0</u>

BUSINESS

Notes:

- (1) Such as Belgium, France, Germany, Ireland, Italy and United Kingdom.
- (2) Such as Israel and Saudi Arabia.
- (3) Such as Chile, Mexico and US.
- (4) Such as Australia, Hong Kong, Thailand and New Zealand.

As our customer bases are geographically diversified and we sourced a wide range of products for our customers, our business and operating results during the Track Record Period were therefore subject to minimal seasonal fluctuations.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our Group's success has been primarily a result of our following competitive strengths:

Our apparel supply chain management services offer total solutions to our customers

We offer our customers total solutions for their complete apparel design and procurement needs. Our solutions target the complete needs of our customers from the initial market trend analysis to the design and product development, sourcing, production management, quality control and logistics services. Our Directors believe that by engaging us as their apparel supply chain manager, our customers can rely on and place their trust in us for meeting their requirements in terms of design, product quality, pricing and timing. Since many of our customers do not have business entity located in Hong Kong or Asia, our services will ultimately allow our customers to operate on a more cost-effective and efficient manner as we are geographically closer to and more familiar with the third-party manufacturers in the PRC. The extensive experience and expertise that our Directors and senior management have in the apparel industry allow them to efficiently and effectively deal with not only the basic concerns that private labels and international brands have, such as product quality, logistic and pricing, but also more critical concerns such as product design and product development.

We have built a good relationship with an established network of experienced third-party manufacturers in the PRC

With the extensive experience and profound knowledge that our management team has in the apparel industry as well as thorough understanding of the manufacturing capabilities in the PRC, we are able to establish a good business relationship with our third-party manufacturers. Almost all of our apparel products were manufactured by third-party manufacturers in the PRC during the Track Record Period. Our Group's understanding of the capabilities of each of our third-party manufacturers allows us to target the specific needs and demands of our customers by providing cost effective and efficient solutions to realise these needs to the satisfaction of our customers. As at the

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Latest Practicable Date, our sourcing network included 73 manufacturers in the PRC, five of which are our top five suppliers who have an average of 11 years of history in the apparel manufacturing industry.

Further, our established relationship with a network of third-party manufacturers allows our Group a certain degree of flexibility in ensuring that our customers' orders are completed on schedule. For instance, when there is an increase in the number of orders from customers, we are able to allocate orders to appropriate third-party manufacturers within our network to fulfill such orders.

We have a diversified range of customers

Since our commencement of business, we have managed to develop a diversified range of customers in terms of geographical locations as well as design and technical needs. Our customers are located around the world including Belgium, France, Germany, Ireland, Italy, United Kingdom, Saudi Arabia, Israel, Chile, Mexico, US, Australia, Hong Kong, Thailand and New Zealand. We believe that such diversified range of customers provides us with exposure to new demands and needs and thus allowing our Group to continuously widen our design and supply chain management capabilities and better equip our ability to cater our existing and new customers. Furthermore, we believe that by having a diversified range of customers, we are able to draw upon certain cultural differences to provide inspirations that drive our designs. This also allows us to track the changes in apparel demands from country to country with the aim to stay one step ahead of our competitors.

We have implemented strict quality assurance and control measures for our third-party manufacturers and material suppliers

As a supply chain management company, our customers rely on us to ensure that the apparel products sourced by us for them attain their set of requirements. As such, we have adopted and implemented stringent quality assurance and control measures throughout our apparel supply management chain. Our merchandising staff takes part in every material stage of the apparel supply chain including (i) inspecting product samples before they are presented to our customers for their consideration, (ii) inspecting raw materials procured from suppliers, (iii) performing checks and assessments on-site at the manufacturing facilities of our third-party manufacturers during each material stage of the production process and (iv) inspecting the finished apparel products before they are delivered to our customers' designated warehouses or designated shipping points. These inspections, checks and assessments are performed to ensure that the raw materials used in the manufacture of the apparel products and the finished apparel products themselves fully comply with our customers' requirements and any applicable standards for apparel products.

Our quality control is conducted by our staff in the merchandising department. As at the Latest Practicable Date, our merchandising department is comprised of 11 staff stationed in Hong Kong and who regularly visit our third-party manufacturers. Our

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merchandising department is overseen by Mr. Cheung, who has over 10 years of experience in the apparel industry and oversees the quality control aspects of our operations.

In addition to the quality control measures implemented for the supply of materials and the production of apparel products, our Group has also implemented strict control measures for the selection of our manufacturers and suppliers. These control measures require that only pre-approved third-party manufacturers are engaged for the manufacturing of our customers' apparel products. Third-party manufacturers and suppliers are required to undergo our vetting process to ensure that their operations are in compliance with or aligned to international manufacturing guidelines or practices and local regulations. In considering whether a manufacturer or supplier is suitable, we consider, among other things, their experience in the apparel industry, reputation, technical capabilities, financial strength, production capacity, quality control effectiveness, ethical practices and past record of compliance with applicable standards for apparel products.

With the above measures implemented, we believe that we will continue to gain trust and confidence of our customers would in turn enable us to boost the market share of the supply chain management industry in Hong Kong.

Our management team with extensive apparel sourcing and design experience

Our executive Directors and senior management team possess extensive apparel industry knowledge and experience. Our executive management team is led by Mr. Cheung, who has over 10 years of apparel industry experience. Mr. Cheung has guided our Group to develop sustainable business strategies, anticipate changes in fashion trends and styles, assess and manage risks and capture profitable market opportunities. Our design and product development department comprises 12 staff and is headed by Mr. David Reali, who has over 26 years of extensive experience in garment industry in Italy and whose past design experience is drawn from designing for various Italian brands and fashion companies. Our design and development capability has contributed to our past success and will continue to be one of the drivers of our business.

We believe that our executive Directors and senior management possess the necessary experience, qualifications, commitment and leadership skills to manage and sustain our business and ensure that our business continues to develop and grow.

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OUR BUSINESS STRATEGIES

Our aim is to continue to promote market recognition, expand our markets and types of customers served and to become a leading supply chain management company in Hong Kong. To achieve these objectives we will implement the following key business strategies:

Expand the geographical coverage of our customers

During the Track Record Period, we derived a majority of our revenue from two geographical markets, namely Europe and Middle East, which, in aggregate, accounted for approximately 83.1% and 84.5% of our total revenue for the two years ended 31 March 2014 and 2015 respectively. According to the Ipsos Report, the PRC has been the largest apparels export country in the world in terms of export value in 2013 and it captured approximately 43.1% of the global apparel trade. Despite growing pressure from lower-cost South Asia countries, appreciation of the Renminbi against other currencies and rising manufacturing costs, our Directors believe that the PRC will still continue to dominate the apparel manufacturing industry as the PRC Government has implemented policies, such as tax rebates and regional trade agreements, favourable to the export business from the PRC in its 12th Five-Year Plan. With the above factors in mind, our Directors believe that there are considerable opportunities for our Group to capture a larger portion of the international markets, in particular, geographical regions such as US where companies and brand owners try to trim and reduce costs. In view of the growth potential in the US market, we intend to leverage on our established corporate brand name and our proven design capability, and increase resources to attract customers in the US market. In this connection, we intend to hire sales representatives focusing on the US market to promote our services and to participate in various design and fashion exhibitions in the US, and to devote additional service enhancement and design resources to offer a wider range of designs tailored for the taste and preference of the US market.

Expand the geographical base of our third-party manufacturers

During the Track Record Period, we had approximately 75 pre-approved third-party manufacturers for production of our customers' apparel products and all manufacturers were located in the PRC and Bangladesh. Our Directors believe that whilst the PRC will remain the driving force in the apparel manufacturing industry in the near future, some third-party manufacturers have slowly diversified or shifted their operations to South East Asia countries with lower cost structures such as Cambodia and Vietnam. In order to remain competitive in the supply chain management industry and to ensure that we are able to offer our customers cost-effective and suitable supply solutions, we intend to explore the opportunities to expand our network of manufacturers to other South East Asia countries. Our Directors believe that by expanding our network of third-party manufacturers, our Group will be able to reduce the reliance on third-party manufacturers in the PRC and flexibility will be increased to suit the needs of our diversified range of customers. This will in addition allow our Group to reduce certain potential market risks such as increasing labour costs and material costs in the PRC. In this regard, we intend to hire additional merchandisers to liaise with any new suppliers outside of the PRC. In deciding whether a new third-party manufacturer meets our requirements, we typically

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evaluate, on a continuing basis, their experience and reputation in the apparel production industry, technical capabilities, financial strength, production capacity, quality control effectiveness, ethical practices, location, and past record of compliance with applicable standards for apparel products.

Further develop our design and development capabilities

As at the Latest Practicable Date, we had four design and product development teams and each of them consists of three to four design staff. Each of our design and product development teams is structured to focus on customers that have different design needs ranging from simple design (for our Middle East mass market customers) to more complicated designs which require detailed attention (such as our customers in France and US who have a better grasp of design needs). Our Directors believe that our focus on our design capabilities to match our customers' needs have been one of our Group's strengths and key factors that have enabled our Group to quickly capture market share and customer's confidence.

As apparel markets in different countries differ slightly in terms of trends, design and overall needs, we need to ensure that every member in our design and product development department is kept abreast of any changes in the market trends such that we can efficiently and effectively translate these changes into designs which meet the demands of our customers and also ultimately end-consumers who purchase the apparel products from retail stores.

In order to break into new markets and capture a larger market share of existing markets as well as to further enhance and expand our design and development capabilities, we intend to recruit additional staff who have the requisite experience and ability to design and develop both enhanced product designs for apparel products and eye catching and unique product designs which will bring depth and quality to our range of design services. We will also consider developing new internal and external training for our design staff to enhance and develop their design and technical skills.

In this connection, we intend to hire additional designers to enhance our Group's design and development capabilities. Our Group will also organise overseas trips for our designers to attend international fashion shows twice a year to inspire the designers on new and innovative fashion design ideas. They will also be able to establish relationship with potential customers at the fashion shows.

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Expand our product types to further cater to our customers' needs

During the Track Record Period, the apparel supply chain management total solutions we offered to our customers have been principally for knitted and woven apparels. With the aim to further cater to our customers' needs by providing more comprehensive services to our customers and to attract new customers, we intend to broaden our existing product offerings and expand our product types to include leather and other apparel accessories such as shoes, handbags and scarfs. To expand the offering of these new products, our Directors believe that we would need to expand our ability to source for quality leather as well as expand our base of third-party manufacturers that can produce leather related goods as well as other apparel accessories. As at the Latest Practicable Date, our Group has been able to source high grade leather from sources in France and has already begun offering solutions for leather apparels and accessories. We will continue to consider horizontal product expansion to cover other apparels and apparel accessories to cover a brands' total collection. Our Directors believe that by expanding the types of products including leather and other apparel accessories, we would be able to offer a wider range of solutions to our existing customers and potential new customers and cover a larger portion of the apparel market. In view of this, we plan to build up a new merchandising team for apparel accessories items and shoes.

Implementation of business strategies

As at the Latest Practicable Date, we have not identified any targets for acquisition and do not have any acquisition plans.

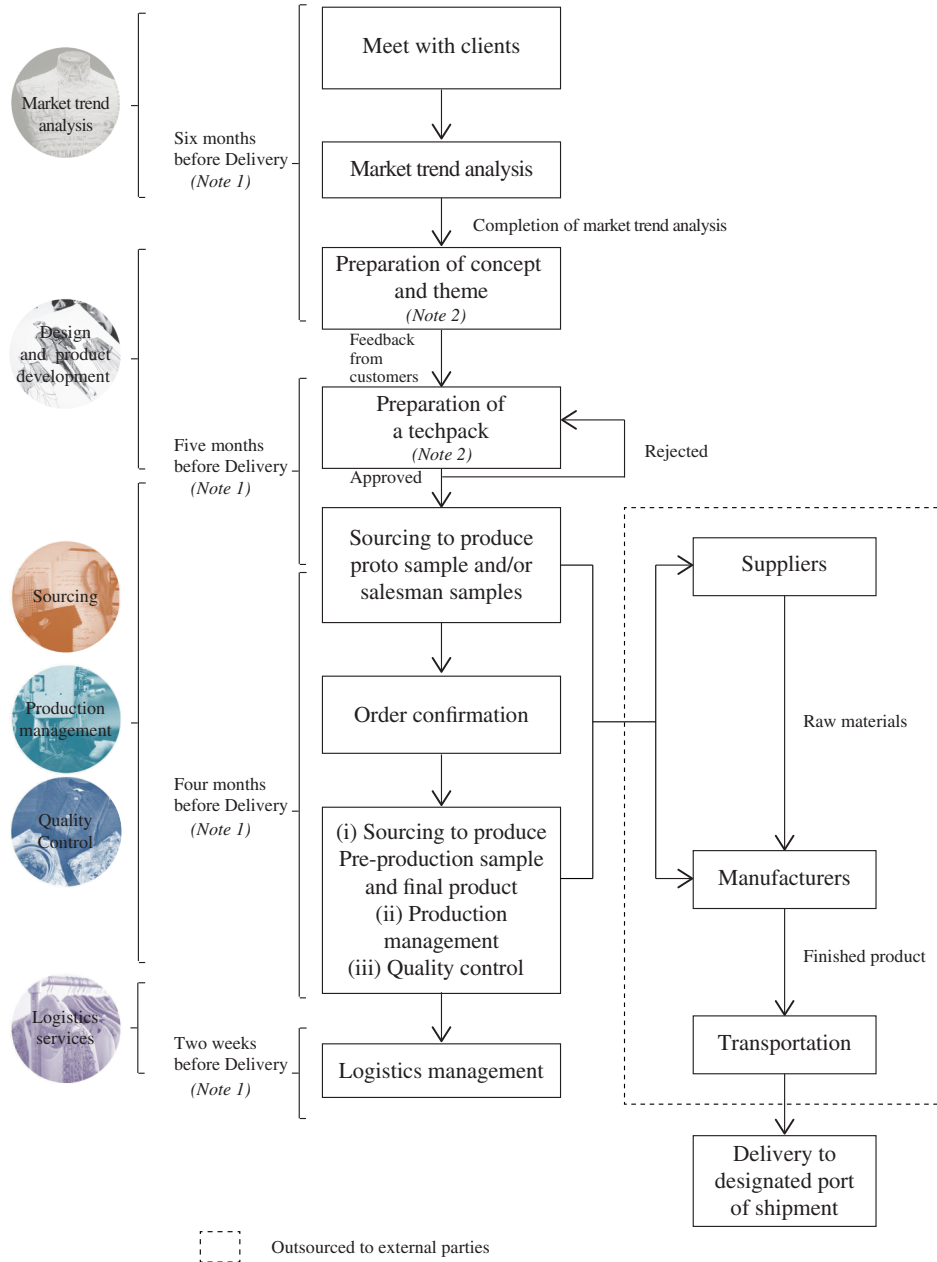
For further details on the implementation of the above-mentioned business strategies, please refer to the section "Future plans and [REDACTED]" in this document.

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APPAREL SUPPLY CHAIN MANAGEMENT SERVICES

We offer and deliver to our customers a comprehensive range of supply chain management services ranging from market trend analysis, design and product development to sourcing and production management, quality control and logistics services. We believe that our range of services is able to complement our customers who, to a large extent, rely on our Group to assist them in designing and developing apparels for their brands.

The following flow chart sets out a typical flow of operations involved in the provision of our apparel supply chain management services:



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Notes:

- (1) The above time required at each stage is only an approximation and the actual time required at each stage of the production process may differ depending on, amongst others, the complexity of the product design and the availability of manufacturers and raw materials relating to the production.
- (2) As standard products do not require design inputs from the company, preparation of concept and theme as well as preparation of techpack may not be applicable.

Market trend analysis

A critical step in our supply chain management solutions is the initial understanding of, among other things, our customers' and end-consumers' apparel needs and requirements, our customer's pricing strategy, a brand's core principles, goals and values, market positions of the brand and competitors and the SKU structure. Market trend analysis is conducted by our design and product development teams. Depending on our customers' preferences and requirements, our design staff conducts research on the specific apparel industry to obtain an understanding of the end consumers' demands as well as gaining an understanding of the latest market trends on the style and technology involved. With the available analysis, we try to transform their concepts into commercially viable apparel products and optimise the apparel products based on our customer's feedback. Capturing a thorough understanding of these issues will help meeting the needs and expectations of our customers. For our mass market customers, we may do less extensive analysis as design may not necessarily be a major consideration for these customers. Based on our experience, the major factors for consideration of our mass market customers are generally more towards pricing and quality of fabric rather than design. In addition to analysis specifically conducted for customers, prior to each new fashion season, our design staff will also conduct market analysis by purchasing sample items from retailers to create a physical catalog from which our design staff can obtain creative inspiration. The samples purchased also serve as a catalog of apparel items from which our customers can choose as a reference to create an apparel that fits their design needs and specifications.

With our available analysis, we may prepare a concept, theme and mood board to be used for face to face discussions with our customers and which intends to give a preliminary feel and direction of the design which we are proposing. A mood board is typically created for customers that request us to create apparel collections that follow fashion trends. For mass market retailers that request us to create more generic apparel designs, we do not prepare a mood board. A mood board is simply a collage of current trends and fashion ideas from which our designers try to visually sum up the inspiration behind a proposed collection. In the mood board, we try to explain how various apparel products are to be matched with the intention of maximising the number of SKUs that are ordered for each collection.

Once we have obtained feedback from the customers which may include their comments on patterns, colours and styling of the proposed concept and theme, we will proceed to design and develop an apparel.

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Design and product development

Our design and product development department is headed by Mr. David Reali, our chief designer, who is also responsible for the market trend analysis as well as overseeing that our apparel designs and styles meet our customers' needs and requirements. Our design and product development department is divided into four teams with different design focus, being (i) European and Italian markets/customers; (ii) Middle East and mass-markets/customers; (iii) high fashion label customers; and (iv) casual fashion label customers. The four teams are overseen together by Mr. David Reali, our chief designer, and Ms. Ho Mei Yee, our Product Development Manager. Both of Mr. Reali and Ms. Ho are members in our Senior Management and possess extensive experience in design and fashion and garment merchandising, respectively. Please refer to "Directors and Senior Management — Senior Management" for detailed backgrounds and experience of Mr. Reali and Ms. Ho. As at the Latest Practicable Date, our design and product development department is comprised of 12 staff who are all stationed in Hong Kong and have apparel designing experience of up to around 26 years.

Each apparel design will commence with meetings and discussions between staff from our design and product development teams and our customers. Customers that visit us may browse through the various sample apparels that our designers have amassed as part of their analysis. Customers may then select an existing apparel item that meets their requirements and which can be used as a base to tailor made the design to suit our customers. With the in-depth technical apparel know-how that our design staff possess (such as types of fabrics, construction methods and detailings), we can work with our customers and discuss in detail the various specifications that they may have in terms of colours, details, construction, fabrics and cutting instructions etc. so that they have the option to choose the most cost-effective production method or one that suits their quality needs. With the detail requirements of our customers in mind, we can prepare a techpack which will be provided to third-party manufacturers. A techpack is informative sheet which sets out all the specifications for an apparel and will typically include information such as an graphic images, hang tag placements, labelling specifications and specific dimensions of the apparel. On the other hand, some of our customers may already have an in-depth understanding of apparel design and will provide to us their own techpack from which we work with to produce the apparel item.

A collection may include apparel items such as t-shirts, shirts, shorts, trousers, skirts and caps for womenswear, menswear and/or childrenswear. The range of designs requested to be created may be as simple and as plain as a t-shirt but in different colours to as detailed and complicated to include specific craftsmanship such as embroidery and rhinestone hotfix and washing processes. Our designers may take between three or four days to create designs which require minimal design work and up to one month to design a collection of apparels. Customers who require us to design apparel products in a collection for a brand with SKU may range from approximately 300 to 2,000. For apparel that targets the mass market which is less affected by trends, customers may order more than 2,000 SKU for each collection.

In certain circumstances, our customers may have more specific requirements where they have a certain style they wish to create for their brands and our designers are required to create that styling for them. For example, they may provide us with basic requirements such as the required fabric and the aesthetic effect. With these basic specifications and understanding of

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the customer's brand core principle, we will design an apparel and provide design suggestions such as type of fabric that is not specified by the customer, type of print and location, measurements etc.

For designs prepared and presented to our customers, we will specify the type of materials proposed to be used and based on the proposed SKU quantity required and the production price per piece. Our customers will then indicate which of the designs that they would like to place an order for and our merchandising team will arrange for the sales contract to be drafted and delivered to the customers for their acceptance and confirmation.

Our designers keep abreast of the latest fashion trends and styles and industry know-how by attending fashion events and apparel trade fairs, and assess the popularity of different styles amongst consumers, particularly in Europe, Middle East regions and US. The information that we obtain provides a general guidance of the trends and preferences of end-consumers of a specific region and assist design apparel products suiting our customers' needs and ultimately the appetites of the end-consumers. Our design and product development teams also regularly hold meetings to discuss thoughts and ideas of upcoming trends to ensure that we are on the forefront of the design. We also encourage our design staff to visit the retail stores of our customers and other industry players to gather market information on our customers and their respective competition.

To assist our design and product development teams in their design capabilities, we have also acquired industry-standard computer aided design software and tools for use by our designers to ensure that our designers have the latest available technology. In addition, with the availability and advancement of the modern internet, we have easy access to an enormous database of relevant information that is constantly updated. Our Directors believe that the internet, together with trends in posting information on social media, enable our Group to capture the latest fashion trend and understand the concepts and cultural requirement of our customers worldwide which foster the new ideas and designs for our design and product development teams.

Once a design has been approved by our executive Directors or chief designer, we will proceed to prepare proto samples and salesman samples. A proto sample is a proto type of a new design. This is the first sample in design and development stage. A proto sample is made to communicate the design of a style or a line or to present garment structure and will not necessarily focus on fit and fabric detailing. The cost of preparing a proto sample is borne by our third-party manufacturers and it is the understanding of our Directors that this is the industry practice. A salesman sample is the apparel made with the actual fabric, trims and accessories proposed to be used and is used to obtain feedback to help customers forecast demand. The cost of preparing a salesman sample is initially borne by our Group and subsequently charged to our customers.

Our Group's policy on design rights

Our Directors understand the importance of design and each design should not be in breach of any third-party intellectual property rights, in particular, design rights. In Hong Kong, design elements of a wide range of products such as the shape, configuration, pattern or ornament of an article can be registered as registered designs provided that they appeal to and

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can be judged by the eye in the finished article. Owners of registered designs have the right to prevent others from manufacturing, importing, using, selling or hiring out their design products.

To ensure that each of our designs does not infringe any third-party rights, we have implemented a design policy which requires our design staff to consult our head of design to review and discuss any potential areas of infringement. If a potential concern is raised, our head of design will discuss the matter with our senior management and if required, obtain further legal advice.

To the best knowledge of our Directors, none of our Group's apparel designs have infringed any third-party design rights. Furthermore, for designs which are based on a specific brand trademark, we will obtain the confirmation from our customers that the images or designs to be used in production are owned by them before we commence any design work.

Sourcing

We do not typically source raw materials to be used for the production of the apparels but source appropriate third-party manufacturers with appropriate technical skills to produce an apparel with raw materials that satisfies our customer's pricing and design needs. We may need to source third-party manufacturers to produce proto samples, salesman samples, pre-production samples and final products. Our third-party manufacturers that produce proto samples and salesman samples may not be the same third-party manufacturers that produce the pre-production sample and final product but we will typically offer the first right to the parties that produce the proto samples and salesman samples for producing the pre-production sample and final product. Our Directors believe that this is market practice within the apparel manufacturing industry.

If our third-party manufacturers are unable to source the appropriate raw materials, we will assist in sourcing raw materials but will typically request our third-party manufacturers to liaise directly with the raw material suppliers that we have suggested to purchase the necessary materials. During the Track Record Period, we occasionally had to directly source raw materials to be delivered to our third-party manufacturers to produce salesman samples. On these occasions, the raw materials that we sourced were fabrics in Hong Kong. We purchased small quantity of the raw materials from these sources and forwarded them to our third-party manufacturers or instructed our suppliers to deliver the materials to the appropriate third-party manufacturers for production. We would then either issue an invoice to our third-party manufacturers or request them to give us credit for the raw materials on their invoice. For the two years ended 31 March 2014 and 2015, the amount of raw materials directly sourced by our Group was approximately HK\$86,640 and HK\$117,213.

Further details regarding our third-party manufacturers are set out in the paragraph below headed "Suppliers" in this document.

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Production management

We do not have any manufacturing capabilities and all of our apparel products (including proto samples, salesman samples, pre-production samples and final products) are produced by independent third-party manufacturers. During the Track Record Period, all of our third-party manufacturers were located in the PRC or Bangladesh. As part of our supply chain management solutions, our merchandising staff is responsible for production management which includes, among other things, monitoring production schedule, evaluating the performance of third-party manufacturers, providing technical support to third-party manufacturers. After customers’ confirmation on purchase orders with our Group, our staff from our merchandising department would confirm the orders with the relevant third-party manufacturers to produce the apparel item based on our customers’ design and fabric requirements. Once the orders have been confirmed with our third-party manufacturers, our staff from our merchandising team will, on a continuing basis provide technical support to our third-party manufacturers, carry out periodic inspections of semi-finished apparel products at various stages of the manufacturing process and then would carry out a final inspection on the finished apparel products before the delivery of products to our customers’ designated shipping points.

The lead time between the initial stage of the creation of product designs and the placing of orders by our customers is generally up to one month, and the lead time between the placing of orders by our customers and the completion of bulk production and delivery is generally two to six months.

Details of our manufacturers is set out in the paragraph headed “Business — Manufacturers” in this document.

Quality control

Quality control is a critical part of our supply chain management solutions that we provide to our customers. Our quality control during the production stage is mainly conducted by our staff in the merchandising department, and is overseen by Mr. Cheung, our executive Director. Each of our merchandising staff are required to continuously monitor and inspect the apparel products produced from the time of production of proto samples (if required) to the apparels produced during inline production. Two of our more senior staff who are more experienced on technical aspects of apparel production, will conduct inspection of the final products prior to being delivered to our customers.

As a supply chain management solutions provider, our solutions encompass the total supply chain from the selection of materials until the final delivery of finished apparel products to our customers at their designated port of shipment.

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We have established the following quality control measures during various critical points of our supply chain management solutions:

Quality control of fabric

Materials to be used in the production for apparels are typically sourced by our third-party manufacturers. At the time when techpacks are provided to our third-party manufacturers, we will specify to them, among other things, the quality of fabrics and other materials that are required. It is the responsibility for our third-party manufacturers to source from their own sources, or from sources that we have given to them, the materials of appropriate quantity and quality. Any materials used in the production of salesman samples, pre-production samples and final products, are checked by us to ensure that it meets our customer's requirements. Any materials that do not meet our customer's requirements are not approved for pre-production or bulk production.

If a customer nominates a particular supplier to supply certain materials required for the manufacture of apparel products to be sold to them, we will obtain price quotations for our customer but for these suppliers, we will only carry out minimum checks as they are nominated by our customers.

Quality control of apparel production

At the commencement of the pre-production and the bulk production, our merchandising staff who are responsible for quality control will be required to visit our third-party manufacturers to ensure that the quality of the apparel products produced is within our customers' specifications and the information contained in the techpacks. Qualities which are checked include size, cutting and fabric. Any specifications that are not met are notified to our third-party manufacturers to rectify. Inspections of semi-finished apparel products are carried out at various stages of the manufacturing process with a final detailed inspection carried out on the finished apparel products before the delivery of final products to our customers' designated shipping points. A final quality control inspection report is prepared which will cover, among other things, the number of pieces inspected, labelling requirements, packaging requirements and we will specify major and minor defects which may not be acceptable to our customers.

Product return and feedback/complaints handling

As part of the terms stated in our sales contracts with our customers, customers are advised to count and inspect the apparels immediately when shipments are received. Only products with defects or incorrect quantity are allowed for returns or discount. We normally do not allow any product returns after 10 days from the date of receipt of our apparel products. However, as our Group considers the importance of maintaining a good and long term business relationship with our customers, on a case by case basis, we may on a discretionary basis allow for product returns and/or discounts even when after the 10 days period has expired. In deciding whether a product return or discount is allowed, our Group would take into account different considerations, including but not limited to the relationship with the customers concerned, the overall sales to the customers and the percentage of product returns, the potential growth in business with such customers,

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damages or other conditions of the goods sold, reasons for such damage and whether our Group would be able to resell the products if they are returned. During the Track Record Period, the feedback and complaints which we have received related mainly to minor quality issues, product and packaging defects and quantity discrepancy of which the total amount of discount involved is less than approximately 0.2% of the total revenue of our Group for the two years ended 31 March 2014 and 31 March 2015. Upon receiving feedback or complaint from our customers, we will discuss with our customers and find out which party is held responsible for. If the defect is caused by our manufacturers, we would liaise with both our customers and manufacturers to compromise the solution, e.g. return of products or offer of discount. During the Track Record Period, we did not experience any material complaint or claim for discount and there was no incident of return of apparel products. Further, during the Track Record Period we did not have any incidents of product liability claims relating to any of the apparel products sold to our customers. Most of our customers who had complaints on product quality during the Track Record Period have continued to place orders with our Group after such claims were made.

Logistics services

As part of our supply chain management solutions, we ensure that appropriate logistics for the delivery of the finished apparel products to the port specified by our customers are made by our third-party manufacturers. The majority of sales contracts that we enter into with our customers specify that the items sold are to be delivered to them on a FOB basis. We also have corresponding trade term in the purchase contracts with our third-party manufacturers that all goods ordered are also to be delivered on FOB basis. By having this arrangement, we do not take any risk for any damage caused during the transportation to our customers' designated ports of shipment. This means that our responsibility is to ensure that the apparel products are delivered to the appropriate points of shipment designated by our customers. Our liability under FOB terms means that we are only required to arrange for shipment and loading of the apparel products and legal title to the apparel products will be transferred when our products cross the ship's sail. At such point, any damages or loss to our apparel products is at the risk of our customers. As our responsibility under the logistics arrangement ends once the apparel goods are delivered to appropriate port of shipment, we are not considered as importers at the port of discharge.

PRICING STRATEGY

The price of apparel products we quote to our customers will depend primarily on, among other things, the quality and quantity of raw materials used, technical complexity of the design and details that are required to be incorporated in the apparel product and the number of SKU. For apparel products that are more technically demanding, we normally charge a higher profit margin. When determining the price offered to our customers, we generally take into consideration, among other things, the production costs as quoted to us by our third-party manufacturers, the cost of materials (if required to be separately procured) and our Group's expected margins. As the price of production is fixed at the time when we offer our pricing to our customers, any fluctuation or changes to raw material costs is borne by our third-party manufacturers.

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The cost of purchasing these raw materials for a salesman sample is borne by us and we will take this cost into account when we prepare fee quotes to our customers. If a customer does not place an order with us after we have prepared a salesman sample, the costs involved are charged to combined statements of comprehensive income as expenses.

Details of a sensitivity analysis is set out in the paragraph headed “Financial information — Sensitivity analysis” of this document.

The table below illustrates the range of average gross profit margins per customer that we achieved for the two years ended 31 March 2015:

	For the year ended 31 March	
	2014 <i>(Approximately)</i>	2015 <i>(Approximately)</i>
Overall gross profit margin	22.1%	26.5%
Average gross profit margin per customer		
— Products with design	from 11.9% to 52.5%	from 11.1% to 50.7%
— Standard products	from 16.4% to 34.3%	from 0.7% to 33.9%
— Accessories	32.0%	from 26.7% to 31.0%

Note: Gross profit margin is computed by dividing the gross profit by revenue for the corresponding year and multiplied by 100%.

CUSTOMERS

For the two years ended 31 March 2014 and 2015, we expanded our customer base from 19 customers to 27 customers, respectively. Among the 19 customers who have placed orders with us during the year ended 31 March 2014, 12 of them became our recurring customers who have placed orders with our Group during the year ended 31 March 2015. Our customers comprise mid-size brand owners and apparel companies that place orders with SKU between 300 and 2,000. We have maintained business relationships with our top five customers for 10 to 24 months. The table below set out details of our top five customers for each of the year during our Track Record Period:

Customer name	Description on apparel related business	Relationship length <i>(months)</i>	For the year ended 31 March 2014		For the year ended 31 March 2015	
			Sales <i>(HK\$'000)</i>	As % of total revenue	Sales <i>(HK\$'000)</i>	As % of total revenue
1 Customer A	Retail of textile and garments products	22	36,604	28.9	50,259	35.7

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Customer name	Description on apparel related business	Relationship length (months)	For the year ended 31 March 2014		For the year ended 31 March 2015	
			Sales (HK\$'000)	As % of total revenue	Sales (HK\$'000)	As % of total revenue
2 Customer B and Customer C (<i>Note</i>)	Sales of apparel products under a French brand substantially through its shops, online platform and retail stores of other parties	24	50,464	39.8	36,274	25.8
3 Customer D	Production and sales of apparel products and shoes	12	N/A	N/A	16,534	11.7
4 Customer E	Sourcing of sport apparels for sport club overseas	10	N/A	N/A	7,347	5.2
5 Customer F	Distribution and manufacturing of high quality apparels in the license field and production of its own labels	20	2,396	1.9	3,734	2.7
6 Customer G	Retail of knitted and woven products with own manufacture branch for its own brand	23	7,591	6.0	2,329	1.7
7 Customer H	Retail sale of clothing, furnishings, and accessories for men, women, and children	23	4,837	3.8	1,816	1.3
8 Customer I	Sales of apparel products through its online store	22	5,645	4.5	1,269	0.9

Note: Since both Customer B and Customer C are beneficially owned by two individuals who are family members and sourced the same categories of apparel products from our Group for the same French brand, our Company considers these two customers as a whole when determining our major customers.

Our customers, during the Track Record Period, were mainly overseas customers that did not have any operations or offices established in Hong Kong. For the breakdown of our revenue during the Track Record Period by geographical locations, please refer the section “Business — Overview” in the document.

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We decide whether or not to pursue a business relationship with customers based on, among other things, the projected number of orders and size of orders in terms of SKU that we expect to receive from such customers and their historical trading record with our Group (if any). Some of our customers provide to us their respective purchase projections for the coming year on an annual basis in the last quarter of each year (including their estimate of the quantity of apparel products required for each fashion season (i.e. spring/summer and autumn/winter). Such purchase projections provide an indication of the quantity of apparel products required by our customers for each fashion season. In addition to the above, as a risk management procedure prior to acceptance of any new customers, we conduct desktop searches and credibility checks. Also, for customers that request for purchases to be on open account basis, we may also apply for discount and factoring facilities from local financial institutions. The discount and factoring facilities will give us an indication on the financial credibility of a new customer.

We do not enter into long-term agreements with our customers and our Directors believe that this is in line with common practice in the apparel supply chain management industry. Purchase orders from our customers will be on a case by case basis and commencement of discussions with our customers for potential orders will be approximately six to seven months before a new batch of apparels are offered for a new season. Purchase orders for apparels are based on our standard format sales contract. Information stated in our sales contract will include, among other, details of customer, payment terms, quantity in terms of pieces, trade terms (i.e. manner of shipment), delivery date, detailed list of apparel to be ordered and total contract price. All sales contracts are required to be approved by Mr. Cheung, our chairman, chief executive officer and executive Director, or in his absence, by our chief financial controller and executive Director Mr. Chak Ka Wai. Almost all of our sales are denominated in US dollars. Our Group generally requests our customers to settle our account receivables by telegraphic transfer or by letter of credit and our Group may request deposits from some of the new customers in advance. We generally grant a credit term of up to 90 days to our customers.

Our sales to our top five customers accounted for approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. Our sales to our largest customer accounted for approximately 39.8% and 35.7% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. In order to reduce our reliance on our top five customers, we intend to seek more orders from US and expanding the geographical coverage of our customers in US by hiring sales representatives focusing on US markets. Further, we intend to attend international fashion shows to enable us to develop relationship with potential customers. We also intend to expand our product types to further cater to our customers' needs and attract new customers.

None of our Directors or their close associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest customers during the Track Record Period.

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SUPPLIERS

We have two types of suppliers, one being third-party manufacturers which supply us with the finished apparel products and another being the materials and accessories suppliers which supply some of our materials and accessories required for the production of our apparels.

Third-party manufacturers

All of our apparel products (including the proto sample, salesman sample, pre-production sample and final product) are produced by third-party manufacturers. All of our third-party manufacturers are Independent Third Parties. Some of our third-party manufacturers only produce proto samples and salesman samples for us as they do not have the production capacity to handle a full order but most of our third-party manufacturers produce proto samples, salesman samples, pre-production sample and final products. For those third-party manufacturers that produce a salesman samples for us, we will in any event, give them the first right to produce the final product as our Directors believe this is in line with market practice. During the Track Record Period, all of our third-party manufacturers were located in the PRC or Bangladesh. For the two years ended 31 March 2014 and 2015, purchase of finished apparel products from the PRC manufacturers represented approximately 100.0% and 97.3% of total purchase costs of finished apparel products respectively and for Bangladesh, the percentages were nil and 2.7% respectively. For some of our third-party manufacturers whose factories are located in the PRC, we may liaise with their Hong Kong office to obtain quotations and finalise purchase orders. The third-party manufacturers located in Bangladesh were engaged as they were able to manufacture certain items at lower cost as compared to other third-party manufacturers located in the PRC.

For the two years ended 31 March 2014 and 2015, we engaged 42 and 58 third-party manufacturers, respectively. We have had business relationships with our top five third-party manufacturers from between 10 months to 24 months. Information regarding our third-party manufacturers we have engaged during the Track Record Period is set out below:

Supplier name	Business relationship (months)	Location of manufacturing base	For the year ended 31 March 2014		For the year ended 31 March 2015	
			Amount purchased (HK\$'000)	As % of total purchase	Amount purchased (HK\$'000)	As % of total purchase
1 Manufacturer A	13	PRC	N/A	N/A	10,590	11.0%
2 Manufacturer B	22	PRC	8,866	9.8%	10,250	10.7%
3 Manufacturer C	21	PRC	6,748	7.4%	7,918	8.3%
4 Manufacturer D	10	PRC	N/A	N/A	7,538	7.9%
5 Manufacturer E	22	PRC	4,939	5.4%	7,534	7.9%
6 Manufacturer F	24	PRC	4,320	4.8%	2,748	2.9%
7 Manufacturer G	23	PRC	7,140	7.9%	39	N/A

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We have a diversified base of third-party manufacturers which enables us to have a wide range of third-party manufacturers to choose from when determining which manufacturers are to be engaged for the production of apparel products for our customers.

When evaluating and selecting a third-party manufacturer from our existing network of third-party manufacturers to produce apparel products for our customers, we take into account various factors such as our third-party manufacturers' experience in the apparel industry, reputation, technical capabilities, financial strength, staff resources, efficiency, quality control effectiveness, ethical practices and record of compliance with applicable standards for apparel products.

Before offering a price quote to our customers, we obtain quotation from third-party manufacturers. We would usually negotiate various terms of engagement with our third-party manufacturers, including the total production costs, payment terms as well as delivery method and schedule.

We do not enter into any long-term agreement with third-party manufacturers and our Directors believe that this is in line with common practice in the apparel supply chain management industry. We enter into agreement with third-party manufacturers on an as required basis. Accounts payable to our third-party manufacturers are generally settled by telegraphic transfer, cheque or letter of credit. We generally enjoy a credit term of between 7 days to 60 days to settle payment to our third-party manufacturers.

We have adopted and implemented written guidelines and policies governing our procedures in selecting a new third-party manufacturer and monitoring the on-going performance of the existing third-party manufacturers. When evaluating whether to use a new third-party manufacturer to manufacture apparel products for our customers, we take into account certain factors including, the production capacity, technical capabilities and compliance record of our third-party manufacturer, the labour laws applicable in the country where our third-party manufacturer is located and the quality standards adopted by our third-party manufacturer.

Before allocating any customers' orders to a new third-party manufacturer, our merchandising staff conduct an on-site inspection on the new third-party manufacturer's factory to assess its production and technical capabilities and inspect the working conditions of the manufacturing facilities to ensure that the manufacturing facilities comply with any GMP standards. We would only allocate a customer's order to a new third-party manufacturer if it passes our inspections. We would also require the new third-party manufacturer to produce pre-production product samples for our inspection (orders made for these samples are treated as trial purchases). If we are satisfied with the quality of the pre-production product samples, we will place orders with the new third-party manufacturer for bulk production of apparel products.

Our Directors confirm that, during the Track Record Period, we did not experience any material delays when liaising with, or any disputes with, our third-party manufacturers in relation to the sourcing and delivery of finished apparel products, or any material adverse consequences from any defective apparel products produced by our third-party manufacturers.

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For the two years ended 31 March 2014 and 2015, our Group's five largest suppliers accounted for approximately 35.3% and 45.8% of total purchases, respectively, with the largest supplier accounting for approximately 9.8% and 11.0% of our total purchases, respectively.

None of our Directors or their close associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest suppliers during the Track Record Period.

Raw materials suppliers

We typically rely on our third-party manufacturers to source the raw materials required to produce a proto sample, salesman sample, pre-production sample and final product. We have adopted this model as our third-party manufacturers may have better sourcing capabilities and/or may be able to get better pricing for materials due to their economies of scale and the relationship with their own material suppliers. We typically requested for our third-party manufacturers to liaise with the material suppliers directly regarding what materials they need and where to deliver the materials for bulk production. To further enable our third-party manufacturers to source the required materials, all necessary information will be provided to our third-party manufacturers in the techpack. Even if we are not required to source materials directly, we will also share with our third-party manufacturer any source of suppliers that we believe are able to supply the required materials. Only when our third-party manufacturers are unable to source the required materials will we source materials ourselves. Materials that were required to be sourced by us during the Track Record Period include buttons and fabrics. The material suppliers that we have sourced from during the Track Record Period were all located in Hong Kong and only relates to fabrics and other materials for the production of a proto sample.

During the Track Record Period and up to the Latest Practicable Date, we have only occasionally directly sourced raw materials for the proto samples and salesman samples where necessary as mentioned above. On all other occasions, our third-party manufacturers have sourced raw materials themselves from their own source. As our third-party manufacturers provide us with quotations based on all inclusive cost of finish products which includes both labour costs and material costs, any fluctuation in the price of raw materials and labour cost is typically borne by our third-party manufacturers as their quotations are inclusive of fabrics and labour costs.

During the Track Record Period, all of the suppliers that we directly sourced from were Independent Third Parties. Our Directors confirm that no issue regarding the legality of the source of supply of raw materials had arisen during the Track Record Period and up to the Latest Practicable Date. Details of our quality control procedures for the selection of our suppliers is set out in the below paragraph headed "Quality Control — Quality control of fabric" in this document.

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We do not enter into long-term raw materials supply agreements with any of our suppliers and the purchases of raw materials (including pricing) are made by way of purchase orders on an as required basis. Usually, payments for the purchases of raw materials for the making of proto samples and salesman samples are usually settled by cash with no credit terms. The cost of any raw materials sourced by our third-party manufacturers is inclusive in the quotations provided our third-party manufacturers. For details of the credit terms provided by our third-party manufacturers, see the sub-section below headed "Manufacturers" in this document.

As part of our quality control process, members of our merchandising team, who have extensive experience in sourcing fabric materials and other materials, will also provide a considerable amount of input in reviewing the quality of raw materials sourced by our third-party manufacturers to be used in the manufacturing of our apparel products sold to our customers.

Our Directors confirm that, during the Track Record Period, we did not experience any material delays or shortages in the supply of raw materials from our suppliers, and we did not have any material disputes with our suppliers in relation to the supply of raw materials that had any material adverse effect on our financial results or business operations. Further, to the best knowledge of our Directors, none of the manufacturers that we engaged, had any problems in sourcing raw materials for the production of our apparels.

We do not have any policy for hedging of raw materials or purchasing of raw materials in anticipation of future orders. Any fluctuations in raw materials prices subsequent to any amendment to or revision of design which are not already inclusive in quotations from third-party manufacturers are adjusted in our pricing and passed to our customers accordingly.

BUSINESS

MARKETING AND PROMOTION

Since our establishment in 2013, Mr. Cheung has been leading our Group in respect of market positioning and development strategy. In addition to marketing and promotion activities carried out by Mr. Cheung, our Group has, pursuant to the marketing strategy of Mr. Cheung, appointed five parties to act as our Group's sales consultants and representatives on a non-exclusive basis. The responsibility of our sales representatives is to market our Group's supply chain management solutions as well as introduce customers and business opportunity to our Group. Below are details of the revenue generated from customers introduced by our sales representatives during the Track Record Period:

	For the year ended 31 March 2014				For the year ended 31 March 2015				Regions covered	Percentage of commission payable under sales representative agreement
	Number of new customers introduced	Total revenue from customers introduced by sales representative (HK\$'000)	As a percentage of our Group's total revenue %	Amount of commissions paid (HK\$'000)	Number of new customers introduced	Total revenue from customers introduced by sales representative (HK\$'000)	As a percentage of our Group's total revenue %	Amount of commissions paid (HK\$'000)		
Sales Representative A (Note 1)	16	117,911	93.1	2,248	11	123,969	88.1	2,310	US, Europe, Middle East	1.80% of sales
Sales Representative B (Note 2)	—	—	—	—	3	9,825	7.0	898	Asia, UK	Fixed monthly commission plus a commission equivalent to 40% of an adjusted net profit after taxation plus discretionary bonus
Sales Representative C (Note 3)	1	4,268	3.4	96	1	1,387	1.0	35	Israel	2%-2.5%
Sales Representative D (Note 4)	1	380	0.3	11	—	139	0.1	4	UK	Not more than 3% of sales
Sales Representative E (Note 5)	—	—	—	574	—	—	—	66	US	Fixed monthly fee of US\$7,500
Total	18	122,559	96.7	2,929	15	135,320	96.2	3,313		

Notes:

1. During the Track Record Period, the Sales Representative A was respectively owned as to 50% by Ms. Mang and 50% by an Independent Third Party. On 10 April 2015, Ms. Mang sold her 50% interest in Sales Representative A to the remaining shareholder, before joining our Group as chief operating officer on 1 June 2015. On 1 June 2015, we entered into a supplemental sales representative agreement to revise the commission payable to Sales Representative A to 0.9% of our Group's sales attributable to Sales Representative A.
2. During the Track Record Period, the Sales Representative B was owned by an Independent Third Party.
3. The sales representative arrangement with Sales Representative C, an Independent Third Party, ceased on September 2014.
4. During the Track Record Period, the Sales Representative D was owned by an Independent Third Party.
5. The sales representative arrangement with Sales Representative E, an Independent Third Party, ceased on April 2014.

BUSINESS

Our revenue generated from customers introduced by our sales representative A, accounted for approximately 93.1% and 88.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. For the two years ended 31 March 2014 and 2015, a substantial portion of our revenue generated from our top five customers (in particular those relating to Middle East market) were generated from the customers referred by Ms. Mang. Ms. Mang sold her 50% interest in Sales Representative A to the remaining shareholder and become our Group's senior management and chief operating officer on 1 June 2015. Ms. Mang is also a Shareholder. In order to further reduce reliance on our sales representative A, we intend to hire new sales representatives for further development of the US markets.

Whilst we do not have a designated marketing department, all of our Directors and department heads are encouraged to market and promote the apparel products. We generally do not invest in any advertising services, nor do we offer any incentives to our sales staff for attracting new customers.

INVENTORY CONTROL

We do not maintain any inventory as all products are ordered based on customers' confirmed sales contracts and directly delivered from our third-party manufacturers to our customers.

COMPETITION

According to the Ipsos Report, the apparel SCM service industry in Hong Kong is highly fragmented and competitive. There were approximately 11,050 apparel supply chain management ("SCM") service providers in 2014. The top five providers contributed approximately 24.3% of Hong Kong's total apparel supply chain service industry in 2014. Our Company's market share in 2014 was approximately 0.02%. These supply chain management companies include CMTs which focus on the cut, make and trim of fabric provided by customers produce garments, OEMs, ODMs, OBM and service providers. Our Directors believe that our Group's major competition are from similar sized regional apparel supply chain companies, which may have a longer established history and possess larger client and supplier base and different competitive strengths.

Our Group has relied on its ability to compete with other companies in the industry based on the strength of our reputation, quality assurance, trust with our customers, the wide reach of our third-party manufacturer network and our proven record of efficiently managing the apparel supply chain and our ability to create designs that meet our customers' needs.

Our Directors consider that with companies, in particular those outside of Asia, having pressure to streamline operations whilst achieving financial growth, the services provided by supply chain management companies will continue to be an option available to these companies to assist them to achieve their goals and will continue play an important role for brand and apparel retail owners. Our Directors believe that our Group's ability to provide a high level of service, diversified solutions, strength and understanding of the apparel manufacturing process of our management team and established relationship with third-party manufacturers will place them in a strong position to capture a larger portion of the supply chain management service industry.

BUSINESS

As set out in the Ipsos Report, the entry barriers to apparel sales and supply chain management total solutions are relatively low. Sustaining growth is costly, however, and requires significant investment in human capital development. The biggest challenge for new entrants in this industry is building a team that matches with their clients’ needs. For example, it is likely that merchandisers who are ideal for fast-fashion brands may be unable to meet the demands of higher-end brands.

LABOUR SAFETY

We do not own or operate any manufacturing facilities and therefore we are not subject to any manufacturing related safety issues. As required under Hong Kong laws, we are required to obtain employment compensation insurance for our employees. During the Track Record Period, we have not made any material claims under our employment compensation insurance.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have applied for the registration of our trademark “SEASON” in Hong Kong. In addition, as at the Latest Practicable Date, we had registered the following domain name: www.seazonpacific.com.

For further details of our intellectual property rights, see “B. Further information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this document.

Our Company places high emphasis on protecting our Company’s own designs as well as avoiding potential claims of design infringement from other parties. Staff from our design and product development department is required to take and follow the following work procedure when taking up design/product development jobs:

- All design work is to be sufficiently documented with customer’s name/brand Name, season (e.g. Fall/Winter 2015);
- All market trend analysis materials should be properly saved;
- Prior to using any designs provided by customers, staff are required to conduct desktop analysis to ensure that the intellectual property belongs to the customer;
- All changes to any designs should be tracked and saved until the final adopted versions;
- Each final design draft should be approved by Mr. David Reali, our chief designer or one of our Executive Directors; and
- When approving the design, we adopt that following a trend is fine but exact or substantially similar design should always be avoided.

BUSINESS

If there is any doubt whether any designs that are produced by our design and product development teams have potential of breaching third party intellectual property rights, staff are required to seek approval from Mr. Cheung, our chairman, chief executive officer and executive Director and obtain external legal advice if necessary.

As at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by any third party or (ii) by any third party of any intellectual property rights owned by our Group. Our Directors confirm that as at the Latest Practicable Date, we were not aware of any pending or threatened claims against any member of our Group relating to the infringement of any intellectual property rights owned by third parties.

PROPERTY

During the Track Record Period and as at the Latest Practicable Date, we have leased the following properties from Independent Third Parties:

Address	Usage	Area (approximate) (sq.ft.)
5/F, AIA Financial Centre 112 King Fuk Street San Po Kong Kowloon Hong Kong	Offices and showroom	11,800
Flat B, 61/F Tower 3 Harbourfront Landmark 11 Wan Hoi Street Hung Hom Kowloon Hong Kong	Used as residential premises by our sales representative	2,200
Car park No. 39 in the garage at the basement site 7 Whampoa Garden Kowloon Hong Kong	Car parking space	N/A
Car park Nos. 202, 203 and 210 AIA Financial Centre 112 King Fuk Street San Po Kong Kowloon Hong Kong	Car parking space	N/A

BUSINESS

During the Track Record Period and as at the Latest Practicable Date, we had complied with all the applicable laws in respect of our leased properties as set out above in all material respects.

ENVIRONMENTAL MATTERS

Our operations in Hong Kong are not subject to any specific environmental regulations and we do not own or operate any manufacturing facilities. As a provider of supply chain management solutions, we engage third-party manufacturers for the production of apparel products for our customers. All of our third-party manufacturers that we have engaged for the production of our apparel during the Track Record Period are located in the PRC and Bangladesh. Information on our third-party manufacturers is set out in the section "Business — Manufacturers" in this document.

As such, we expect that our third-party manufacturers, during the apparel production process, are in compliance with the local environmental regulatory requirements. We do not have any knowledge that any of our third-party manufacturers engaged during the Track Record Period and as at the Latest Practicable Date, had been in breach of any local environmental regulations.

INSURANCE

We maintain insurance covering risks including office insurance and employee compensation insurance in respect of our operations in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we have not made any material claims under any of our insurance policies.

As part of our supply chain management solutions, we co-ordinate the necessary logistics for delivery of final finished apparel products by logistic companies from our third-party manufacturers to the port specified by our customers. Orders which are shipped overseas by way of sea are on FOB trade terms. Our responsibility under FOB trade terms is to ensure that the apparel products are delivered to the port of shipment, and the liability for the apparel products is transferred to our customers when the goods are actually put on board of the vessel.

As part of the discount and factoring facilities obtained from local financial institutions, we may need to pay an insurance fee which is charged as a percentage of between 0.4% to 0.52% on the approved credit granted in respect of our customers. If we decide to use this banking facility, we are given up to 90% credit protection of the relevant accounts receivables in the event of a payment default from that customer.

We believe that our insurance coverage is adequate for our operations and in line with industry practice. As at the Latest Practicable Date, we had not made, nor been the subject of, any material insurance claim.

LICENCES AND PERMITS

Based on the advice of our legal advisers as to Hong Kong laws, Seazon has obtained all material requisite licences, approvals and permits from the relevant governmental authorities in Hong Kong for our business operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

EMPLOYEES

All of our Group's staff are based in Hong Kong and for the two years ended 31 March 2014 and 2015 and as at the Latest Practicable Date, our Group employed a total of 31, 33 and 33 employees respectively. A breakdown of our employees by function as at the same date is set out below:

	As at the Latest Practicable Date
Management	3
Design and product development	12
Merchandising	11
Finance	2
Administration	2
Logistics	<u>3</u>
Total	<u><u>33</u></u>

Our employee remuneration package includes salary and annual leave.

We recruit employees whom we believe have the necessary skills and creative talents to help execute and achieve our Group's business strategies and objectives. During the Track Record Period, we have recruited our employees from the open market, and through referrals from existing employees. During the Track Record Period, our Group has not paid any fees to recruitment agencies for recruitment/employment services. None of our employees belong to any labour unions.

We provide our staff with on-the-job training and as part of our Group's continuing efforts to provide training to our employees, we provide financial support to our employees to attend external courses relevant to their job duties for further improvement in their skills and knowledge.

We also provide training about apparel products to our employees in our merchandising department.

Our Directors confirmed that during the Track Record Period, we did not have any material disputes with our employees, we did not experience any difficulty in recruiting suitable staff for our operations, and we did not experience any strikes, labour disputes which may have a material adverse effect on our business, financial condition and results of operations.

Our Group's staff costs include all salaries and benefits payable to all employees and staff, including executive Directors and represented approximately 7.0% and 8.3% of our revenue for the two years ended 31 March 2014 and 2015, respectively.

BUSINESS

Mandatory provident fund

As required by Hong Kong laws, we have enrolled all of our staff in the Mandatory Provident Fund. Our Directors confirmed that we have complied with applicable labour and social welfare laws and regulations in Hong Kong in all material respects, and have made relevant contributions in accordance with such laws and regulations during the Track Record Period.

LEGAL PROCEEDINGS, CLAIMS AND COMPLIANCE

During the Track Record Period and as at the Latest Practicable Date, our Group was not involved in any litigation, arbitration, regulatory action, or claim of material importance, and no litigation, arbitration, regulatory action, or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on the operating results or financial condition. Furthermore, save as disclosed in this document, our Group has obtained all licences, permits, approvals and certificates necessary to conduct its business operations and has complied with all applicable Hong Kong laws in all material respects during the Track Record Period and up to the Latest Practicable Date. In addition, save as otherwise disclosed, our Group has complied with the statutory minimum wage provided under the Minimum Wage Ordinance and implemented by the Labour Department in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of six Directors comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth the information regarding the members of the Board

Name	Age	Position	Date of joining our Group	Role and responsibilities in our Group
Mr. Cheung Lui	43	Chairman, chief executive officer and executive Director	6 February 2013	Overseeing the overall corporate strategies and management of our Group
Mr. Chak Ka Wai	43	Executive Director and financial controller	24 June 2013	Overseeing the overall financial accounting and reporting, corporate finance and company secretarial matters
Ms. Chan Hong Nei Connie	33	Non-executive Director	1 June 2015	Overseeing corporate governance and compliance matters
Mr. Ng Ka Lok	40	Independent Non-executive Director	[●]	Overseeing the management independently
Mr. Choi Sheung Jeffrey	44	Independent Non-executive Director	[●]	Overseeing the management independently
Ms. Luk Yung Yung Claire	37	Independent Non-executive Director	[●]	Overseeing the management independently

Executive Director

Mr. Cheung Lui (張雷), aged 43, founded our Group in February 2013. He was appointed as our 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 our 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.

In August 1995, he joined for The Hongkong and Shanghai Banking Corporation Limited (currently known as HSBC) as a resident officer trainee for a 3-year management trainee programme and was rotated to various positions including counter service manager, responsible for managing day-to-day retail banking services; division manager, responsible for managing a team in the provision of trade services to corporate clients; and assistant relationship manager, responsible for providing credit, trade and general banking services to corporate clients. After he completed the management training programme, he continued to work in the bank as relationship manager in the commercial banking division, responsible for overseeing credit, trade finance facility arrangement to corporate clients.

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Having spent almost 10 years in banking, Mr. Cheung decided to take on new challenges in his career. In April 2005, Mr. Cheung joined HTP Group Limited as chief financial officer, a company which Ms. Mang co-founded with her business partner in January 1996 and was specialised in garment manufacturing and sourcing at the relevant time. In HTP Group Limited, Mr. Cheung could integrate his extensive banking knowledge and management skills in the new position under which he was responsible for overseeing the finance, accounting and human resources. In January 2006, his employment was subsequently transferred to a related company, HTP Sourcing Limited (currently known as OSG Sourcing Limited), which was also specialised in garment manufacturing and sourcing at the relevant time. 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 a business acquisition (“**Acquisition**”) made by another sourcing group (“**Sourcing Group**”) in June 2010, his employment was transferred to one of its subsidiaries in July 2010 as divisional merchandise manager, where he worked until June 2013.

Mr. Cheung had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Our Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (“**CG Code**”). Paragraph A2.1 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. Mr. Cheung is the chairman and the chief executive officer of our Company. Given that Mr. Cheung is the founder of our Group and has been operating and managing our Group since its incorporation, our Board believes that it is in the best interest of our Group to have Mr. Cheung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from Paragraph A2.1 of the CG Code is appropriate in such circumstance.

Mr. Chak Ka Wai (翟家偉), aged 43, was appointed as our executive Director on 1 June 2015. He joined our Group in June 2013 as financial controller and is primarily responsible for the overall financial accounting and reporting, corporate finance and company secretarial matters of our Group. He 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 20 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

DIRECTORS AND SENIOR MANAGEMENT

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 our 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 a subsidiary of the Sourcing Group, in July 2010 as manager (operations), subsequent to the Acquisition.

Mr. Chak had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Non-executive Director

Ms. Chan Hong Nei Connie (陳康妮), aged 33, was appointed as our 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 10 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. In February 2014, Ms. Chan was appointed as chief financial officer of Roma Group Limited (stock code: 8072), responsible for overseeing accounting and finance of the group.

Ms. Chan had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Independent non-executive Director

Mr. Ng Ka Lok (吳家樂), aged 40, was appointed as our independent non-executive Director on [●]. 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 practicing 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 18 years of auditing and accounting experience. From October 1996 to October 1999, Mr. Ng worked at

DIRECTORS AND SENIOR MANAGEMENT

K.L. Lee and Partners CPA Limited (currently known as KLL Associates CPA Ltd.) 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. Ng had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Mr. Choi Sheung Jeffrey (蔡湘), aged 44, was appointed as our independent non-executive Director on [●]. 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 20 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 center 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.

Mr. Choi had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

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Ms. Luk Yung Yung Claire (陸蓉蓉), aged 37, was appointed as our independent non-executive Director on [●]. 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 approximately 10 years of experience in corporate communications and marketing. Prior to joining our Group, 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 had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with the appointment of our Directors.

SENIOR MANAGEMENT

Our senior management is comprised of our executive Directors, our company secretary and the following persons:

Name	Age	Position	Date of joining our Group
Ms. Mang Ngai	52	Chief operating officer	1 June 2015
Mr. David Reali	44	Chief designer	1 June 2014
Ms. Lam Lai Mui	47	Logistics manager	24 June 2013
Ms. Ho Mei Yee	45	Product development manager	7 June 2013

Ms. Mang Ngai (孟毅), aged 52, joined our Group in June 2015 as chief operating officer and is primarily responsible for offering advice on industry trends and assisting our Group in expanding our customer base. She has over 23 years of work experience in the garment industry including design, product development, sourcing and manufacturing of garment products. Over the years, Ms. Mang had set up and worked in several garment related companies since 1992, such as HTP Group Limited, HTP Sourcing Limited and Seven Retail. She has extensive experience working with various well-known international brands. Between July 2010 and July 2013, Ms. Mang worked as president in a subsidiary of the Sourcing Group, responsible for overall management of the company. Since July 2013, she had started to provide consultancy services to our Group through Seven Retail under the Sales Representative

DIRECTORS AND SENIOR MANAGEMENT

and Consultancy Agreement until 10 April 2015 when she disposed of all her indirectly-owned beneficial interests in Seven Retail to the remaining shareholder, an Independent Third Party to our Group. Subsequently, Ms. Mang joined us and resigned her directorship in Seven Retail.

Ms. Mang had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Mr. David Reali, aged 44, joined our 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 26 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.

Mr. Reali had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Ms. Lam Lai Mui (林麗妹), aged 47, joined our 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 co-ordinating product shipments. Ms. Lam has over 24 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. Lam had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ho Mei Yee (何美儀), aged 45, joined our 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 25 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, subsequent to the Acquisition in June 2010, where she was merchandise manager between July 2010 and June 2013.

Ms. Ho had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Company secretary

Mr. Chak Ka Wai, an executive Director and the financial controller of our Company, was appointed as our company secretary on 5 June 2015. He joined our Group in June 2013 as financial controller and is primarily responsible for the overall financial accounting and reporting, corporate finance and company secretarial matters of our Group. For further details of Mr. Chak’s work experience, please refer to the paragraph headed “Directors and Senior Management — Directors — Executive Directors” of this document.

Compliance officer

Mr. Cheung is the compliance officer of our Company.

NON-COMPETITION

Each of our executive Directors, non-executive Director and independent non-executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of our Group.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries in relation to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of its Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. After [REDACTED], our Company’s remuneration committee will review and determine the

DIRECTORS AND SENIOR MANAGEMENT

remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

The aggregate amounts of remuneration including salaries, contributions to pension schemes and directors' quarters rental and benefits in kind and discretionary bonuses which were paid or payable to our Directors for the two years ended 31 March 2014 and 2015 were approximately HK\$1.2 million and HK\$1.6 million, respectively.

The aggregate amounts of remuneration including wages, salaries and bonus, provision for unutilised annual leave and pension costs which were paid by our Group to our five highest paid individuals for the two years ended 31 March 2014 and 2015 were approximately HK\$2.8 million and HK\$3.5 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to note 7 to our combined statements of financial position included in the Accountant's Report set out in Appendix I in this document.

OUR GROUP'S RELATIONSHIP WITH STAFF

Our Group recognises the importance of a good relationship with its employees. The remuneration payable to the employees includes salaries and allowances.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code and the associated GEM Listing Rules.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on [●] in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the CG Code have been adopted. 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 internal control procedures of our Company. At present, the audit committee of our Company consists of three members who are Mr. Ng Ka Lok, Mr. Choi Sheung Jeffrey and Ms. Luk Yung Yung Claire. Mr. Ng Ka Lok is the chairman of the audit committee.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on [●] in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph B1.2 of the CG Code have been adopted. 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 our Group; review performance-based remuneration; and ensure none of our Directors determine their own remuneration. The remuneration committee consists of five members who are Ms. Luk Yung Yung Claire, Mr. Choi Sheung Jeffrey, Mr. Ng Ka Lok, Mr. Cheung Lui and Ms. Chan Hong Nei Connie. Ms. Luk Yung Yung Claire is the chairlady of the remuneration committee.

Nomination committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on [●] Written terms of reference in compliance with paragraph A5.2 of the CG Code have been adopted. The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The nomination committee consists of five members who are Mr. Choi Sheung Jeffrey, Mr. Ng Ka Lok, Ms. Luk Yung Yung Claire, Mr. Cheung Lui and Ms. Chan Hong Nei Connie. Mr. Choi Sheung Jeffrey is the chairman of the nomination committee.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Guotai Junan Capital to be the Compliance Adviser, who will have access to all relevant records and information relating to our Company that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the Compliance Adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;
- (iii) where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The terms of appointment shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED], or until the agreement is terminated, whichever is the earlier.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the section headed “Share Option Scheme” in Appendix IV to this document.

RETIREMENT BENEFIT SCHEME

In Hong Kong, we participate in mandatory provident fund scheme prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. Our Directors confirmed that Seazon has complied with the aforesaid laws and regulations throughout the Track Record Period and up to the Latest Practicable Date. Save as the aforesaid, we have not participated in any other pension schemes.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested 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 our Group:

Name	Capacity/Nature of interest	Number of Shares held as at the date of submission of application for [REDACTED] <i>(Note 4)</i>	Approximate shareholding percentage in our Company as at the date of submission of application for [REDACTED] <i>(%)</i>	Number of Shares held upon the [REDACTED]	Percentage of shareholding upon the [REDACTED]
Mr. Cheung	Interest in controlled corporation <i>(Note 1)</i>	77	77.0%	[REDACTED] Shares	[REDACTED]%
Alpha Direct	Beneficial owner <i>(Note 1)</i>	77	77.0%	[REDACTED] Shares	[REDACTED]%
Ms. Ngan Shui Ling Crystal	Interest of spouse <i>(Note 1)</i>	77	77.0%	[REDACTED] Shares	[REDACTED]%
Mr. Yip	Interest in controlled corporation <i>(Note 2)</i>	15	15.0%	[REDACTED] Shares	[REDACTED]%
Success Time	Beneficial owner <i>(Note 2)</i>	15	15.0%	[REDACTED] Shares	[REDACTED]%
Ms. Chang Mei Nai Vinnie	Interest of spouse <i>(Note 2)</i>	15	15.0%	[REDACTED] Shares	[REDACTED]%
Ms. Mang	Interest in controlled corporation <i>(Note 3)</i>	8	8.0%	[REDACTED] Shares	[REDACTED]%
Wise Manner	Beneficial owner <i>(Note 3)</i>	8	8.0%	[REDACTED] Shares	[REDACTED]%

Notes:

- (1) 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 Shares held by Alpha Direct under the SFO.
- (2) Success Time is wholly-owned by Mr. Yip. Ms. Chang Mei Nai Vinnie (“**Mrs. Yip**”), being the spouse of Mr. Yip, is deemed to be interested in all the Shares that Mr. Yip is interested in. Accordingly, each of Mr. Yip and Mrs. Yip is deemed to be interested in the Shares held by Success Time under the SFO.
- (3) Wise Manner is wholly-owned by Ms. Mang. Accordingly, Ms. Mang is deemed to be interested in the Shares held by Wise Manner under the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately following the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested 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 our Group.

SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, save for the persons disclosed under the paragraph headed “Substantial Shareholders” in this section, no persons individually and/or collectively will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), be directly or indirectly interested in 5% or more of the voting power at the general meetings of our Company and are therefore regarded as significant Shareholders under the GEM Listing Rules.

UNDERTAKINGS

Each of Alpha Direct and Mr. Cheung has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED], details of which are set out under the section headed “[REDACTED] — Undertakings” in this document below. Each of the Controlling Shareholders has also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED] and the [REDACTED], without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, Alpha Direct and Mr. Cheung will be interested in [REDACTED] of our Company's entire issued share capital.

During the Track Record Period, save as disclosed in this document, our Group did not have any business dealings with the companies associated with or controlled by our Controlling Shareholders and there was no overlapping of business between our Group and our Controlling Shareholders.

Our Directors, to the best of their knowledge, information and belief, have confirmed that, none of the Controlling Shareholders, the Substantial Shareholders, our Directors and their respective associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Company.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders after [REDACTED].

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The only overlapping director between our Group and the Controlling Shareholders is Mr. Cheung who is also the director of Alpha Direct. Save for Mr. Cheung, none of the other Directors nor do any of members of our senior management hold(s) any directorships and positions in companies privately owned by Mr. Cheung and their associates. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum subject to the provision of the Articles of Association; and
- (c) all our senior management members are independent from our Controlling Shareholders. Our Group has established our own finance, administration, design and product development, human resources, merchandising and logistics department which are responsible for daily operations of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational independence

We do not share operation team, facilities and equipment with our Controlling Shareholders and their associates. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their associates. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As of the Latest Practicable Date, our Group had certain banking facilities that were secured by personal guarantees given by Mr. Cheung, one of our Controlling Shareholders. Such guarantees are expected to be released upon [REDACTED] and be replaced by corporate guarantee from our Company. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the [REDACTED] as we expect that our working capital will be funded by our operating income and bank borrowings.

DEED OF NON-COMPETITION

Subject to the terms therein, the Controlling Shareholders as covenantors (the "Covenantors") entered into the Deed of Non-Competition in favour of our Company, pursuant to which each of the Covenantors has undertaken to our Company (for itself and as trustee of the members of our Group) that during the continuation of the Deed of Non-Competition, each of the Covenantors shall not, and shall procure each of his/her/it close associates, whether on his/her own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently engaged by our Group (including but not limited to the sales of apparel products and the provision of apparel supply chain management and deliver a range of services from research, design, product development to sourcing, production management, quality control and logistic services to private labels and international brands and businesses ancillary to any of the foregoing), in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "Restricted Business"). Each of the Covenantors has represented and warranted to our Group that neither he/she nor any of his/her/it close associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group.

Pursuant to the Non-competition Deed, each of the Covenantors has also undertaken that if each of the Covenantors and/or any of his/her/its associates is offered or becomes aware of any project or new business opportunity ("New Business Opportunity") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall (i) promptly within seven (7)

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her and/or his/her/its close associates.

If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) business days (the "**30-day Offering Period**") of receipt of notice from the Covenantors, the Covenantors and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. The Covenantors also agree to extend the 30 business days to a maximum of 60 business days if our Company requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, upon [REDACTED], each of the Covenantors has also undertaken:

- (i) in favour of our Company to provide our Company and our Directors (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors, for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-Competition and the enforcement of the non-competition undertakings in the Deed of Non-Competition;
- (ii) to provide to our Company, after the end of each financial year of our Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-Competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and
- (iii) to our Group to allow our Directors (including our independent non-executive Directors), their respective representatives and the auditors to have sufficient access to the records of the Covenantor and his/her/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-Competition.

Further, each of the Covenantors has undertaken that during the period in which he/she and/or his/her/its close associates, individually or taken as a whole, remains as a Controlling Shareholder:

- (i) he/she will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-Competition;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (ii) he/she will not solicit any existing or then existing employee of our Group for employment by him/her or his/her/its close associates (excluding our Group);
- (iii) he/she/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her capacity as our Controlling Shareholder for any purposes; and
- (iv) he/she/it will procure his/her/its close associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-Competition.

The above undertakings (i) and (iv) are subject to the exception that any of the close associates of the Covenantors (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunities, regardless of value, which has been offered or made available to our Group, provided also that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of our independent non-executive Directors, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that relevant close associate of the Covenantor(s) invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant close associate of the Covenantor(s) decides to be involved, engaged, or participated in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as possible.

The Deed of Non-competition will take effect upon [REDACTED] and shall expire on the earlier of:

- (i) the day on which the Shares cease to be listed on the GEM or other recognised stock exchange; or
- (ii) the day on which the Covenantors and his/her/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and his/her/its respective close associates holding more Shares than the Covenantors and his/her/its respective close associates taken together.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In order to strengthen the corporate governance and to effectively monitor the observance under the Non-competition Deed in respect of the existing and potential conflict of interests between our Group and the Covenantors, upon [REDACTED]:

- (i) our Company shall disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Non-competition Deed and the appropriate action to be taken by our Company;
- (ii) our Company shall disclose decision on matters reviewed by our independent non-executive Directors in relation to the compliance and enforcement of the arrangement of the New Business Opportunity in the annual reports;
- (iii) our independent non-executive Directors will be responsible for deciding, in the absence of any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information, but in no circumstances shall our executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Covenantor(s) or its close associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-Competition from time to time and if so, any conditions to be imposed;
- (iv) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicably when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (v) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert the Board, including our independent non-executive Directors, to take any precautionary actions; and
- (vi) in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her interests and, where required, abstain from in the relevant board meeting and/or general meeting voting on the transaction and not count as quorum where required.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicably when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (b) in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her interests and, where required, abstain from in the relevant board meeting and/or general meeting voting on the transaction and not count as quorum where required;
- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors whom we believe possess sufficient experience and free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and also will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors and Senior Management — Directors — Independent non-executive Directors” in this document; and
- (d) we have appointed Guotai Junan Capital as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and corporate governance.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our combined financial information as at and for the two years ended 31 March 2014 and 2015 and the accompanying notes, included in the Accountant’s Report, which has been prepared in accordance with HKFRSs, as set out in Appendix I to this document.

The discussions and analysis in the section of the document contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and interpretation of historical trends, current conditions and expected future developments as well as other factors that we believe are appropriate under the relevant circumstances. However, whether our actual results reported in future periods differ materially from those discussed below depends on various factors which we do not have any control over. Factors that could cause or contribute to such differences include those discussed in “Forward-Looking Statements”, “Risk Factors” and “Business” as well as those discussed elsewhere in this document.

Unless the context otherwise requires, (i) for the purpose of this section, references to “2014” and “2015” refer to our financial years ended 31 March 2014 and 2015, respectively; and (ii) financial information described in this section is described on a combined basis.

OVERVIEW

We are a Hong Kong based company that sells apparel products with the provision of supply chain management total solutions to our customers. Our supply chain management solutions include market trend analysis, design and product development, sourcing, product management, quality control and logistics services. We serve a wide range of customers mainly comprising mid-size brand owners and apparel companies and certain of them have comprehensive operations overseas private labels that are sold internationally and locally. All of our customers are located in Europe, Middle East, Americas and Asia Pacific.

For the apparel products that we sourced for our customers, we may provide our customers with our in-house design capabilities on the apparel products, which we referred to as products with design elements or we may rely on the designs provided by our customers, which we referred to as standard products. The apparel products we sourced and sold to our customers were mainly knitted and woven apparels, such as t-shirts, trousers, dresses and shorts for men, women and children. We also sourced apparel-related accessories for our customers. We do not own or operate any manufacturing operations and the production of apparel products for our customers was carried out by third-party manufacturers located in the PRC and Bangladesh.

For details of our Group’s business strategies, please refer to the sub-section headed “Business — Our Business Strategies” in this document.

FINANCIAL INFORMATION

For the two years ended 31 March 2014 and 2015, we recorded revenue of approximately HK\$126.7 million and HK\$140.7 million, respectively, and net profit attributable to the owners of our Company of approximately HK\$9.5 million and HK\$14.8 million, respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

We have prepared our financial information on the historical cost convention and in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), on the basis set out in Note 2 to the Accountant’s Report as set out in Appendix I to this document. In addition, our financial information includes the applicable disclosure required by the GEM Listing Rules and the Companies Ordinance.

Immediately prior to the Reorganisation, Seazon, which is the principal operating entity of our Group, was ultimately controlled by Mr. Cheung through Fine Sight. Pursuant to the Reorganisation, Success Time (solely owned by Mr. Yip) subscribed 15% of the newly issued shares of Fine Sight. Trinity Ally was then acquired by Fine Sight and it became a wholly subsidiary of Fine Sight. Wise Manner (solely owned by Ms. Mang) then acquired 8% of equity interest of Fine Sight. Since then, Fine Sight was ultimately owned as to 77% by Mr. Cheung, 15% by Mr. Yip and 8% by Ms. Mang. Our Company was incorporated on 11 May 2015, in which shares of our Company were allotted to Alpha Direct (solely owned by Mr. Cheung), Success Time and Wise Manner. Seazon was acquired by Trinity Ally from Fine Sight for the consideration of which was the allotment and issue of 99 shares in Trinity Ally to Fine Sight credited as fully paid. Seazon then became a wholly-owned subsidiary of Fine Sight through Trinity Ally. Trinity Ally was subsequently acquired by our Company from Fine Sight for a consideration of allotting and issuing 900 shares to Fine Sight. Since then Trinity Ally became a wholly-owned subsidiary of our Company and our Company was owned as to 900 shares by Fine Sight, which then declared a distribution in specie to distribute all of its interests in our Company to its shareholders. Our Company is then owned as to 77% by Alpha Direct, 15% by Success Time and 8% by Wise Manner. After the Reorganisation, our Company became the holding company of the subsidiaries now comprising our Group. Our Company and Trinity Ally have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. Our Group resulting from the Reorganisation is regarded as a continuation of our Group under Seazon and, for the purpose of this document, the financial information has been prepared and presented as a continuation of the combined financial statements of Seazon, with the assets and liabilities of our Group recognised and measured at the carrying amounts of our Group under the combined financial statements of Seazon for all periods presented.

FINANCIAL INFORMATION

As at the Latest Practicable Date, our Company has direct and indirect interest in the following subsidiaries:

Name	Place of incorporation and kind of legal entity	Date of incorporation	Issued and fully paid share capital	Equity interest held as at 31 March		Principal activities and place of incorporation	Notes
				2014	2015		
Directly held							
Trinity Ally	BVI, limited liability company	2 April 2015	US\$ 1	—	—	Investment holding	(i)
Indirectly held							
Seazon	Hong Kong, limited liability company	4 February 2013	HK\$10,000	100%	100%	Sales of apparel products with the provision of apparel supply chain management total solutions	(ii)

Notes:

- (i) No audited statutory financial statements have been issued for this company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (ii) The statutory financial statements of this company for the period from 4 February 2013 (date of incorporation) to 31 March 2014 and for the year ended 31 March 2015 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Short operating history

Although our management has extensive experience in apparel industry, our revenue is derived from the sales of apparel products with the provision of apparel supply chain management solutions. Since the establishment of our operating subsidiary, Seazon, in February 2013, we have managed to successfully supply apparel products and related accessories in over 15 countries. We have also managed to grow from a customer base of 19 customers for the year ended 31 March 2014 to 27 customers for the year ended 31 March 2015. However, our relatively short operating history in the apparel supply chain management industry makes it difficult for us to evaluate our prospects and future financial results. We cannot guarantee that we will be able to successfully implement our business strategies and capture a larger market or increase our customer base in the future. If we are unable to implement our business strategies successfully, our results of operations and prospects may be materially and adversely affected.

Reliance on our major customers

Sales to our top five customers represented approximately 83.0% and 81.1% of our total revenue for the two years ended 31 March 2014 and 2015, respectively. Since we had not signed any long-term agreements with our customers and they are not obligated to continue to place orders with us, there is no assurance that they will engage us for our services and sourcing apparel products in the future. If any of our customers cease to transact with us or

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reduce the amount of orders placed through our Group, we may not be able to timely identify replacement customers for orders. In addition, if any of our major customers fail to settle the outstanding amounts due to our Group in accordance with the agreed credit terms, our working capital position may be adversely affected. Our business operations and financial performance would be adversely affected.

Reliance on major markets

During the Track Record Period, Europe and Middle East were our two largest market for our apparel products. Sales to Europe and Middle East accounted for approximately 83.1% and 84.5% for the two years ended 31 March 2014 and 2015, respectively. Any change in economic and political conditions of these markets may adversely affect the spending habits of those end consumers and the purchasing decisions of our European and Middle East customers. If there were a drastic decrease in the orders from our customers in these markets, we cannot guarantee that we could increase orders from other markets to make up for the loss of sales, which would adversely affect our business operations and financial performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Directors believe that the paragraphs set out below are the critical accounting policies applied by us in the preparation of the combined financial information of our Group. These accounting policies require our management to make judgements, assumptions and estimates which are inherently uncertain. The estimates and associated assumptions are based on historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgements about matters that are not readily apparent from other sources. Actual results may or may not differ from these estimates.

We review our estimates and underlying assumptions on an ongoing basis. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

Our 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 our Group's activities as described below:

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(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.

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 our 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 combined statements 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

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.

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

Trade and bills receivable

Trade and bills receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and bills receivable is 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.

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

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.

Impairment of financial assets

Our Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or 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 combined statements 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, our 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 combined statements of comprehensive income.

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Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Information of each of our 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 our Group is US\$. The Financial Information is presented in HK\$ for convenience purpose which is our 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 combined statements 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:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- (b) 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
- (c) all resulting currency translation differences are recognized in other comprehensive income.

Income tax

The tax expense for the period is comprised of current and deferred income tax. Tax is recognised in the combined statements 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 our Company and our 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.

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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 combined 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.

SUMMARY RESULTS OF OPERATIONS

The following table sets out the selected financial information of our Group for the two years ended 31 March 2014 and 2015, which are derived from our combined statements of comprehensive income included in the Accountant's Report as set out in Appendix I to this document.

	For the year ended 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	126,689	140,739
Cost of sales	<u>(98,685)</u>	<u>(103,512)</u>
Gross profit	28,004	37,227
Other income	1,158	146
Selling expenses	(3,097)	(3,557)
General and administrative expenses	(14,653)	(15,805)
Finance expenses	<u>(12)</u>	<u>(6)</u>
Profit before income tax	11,400	18,005
Income tax expense	<u>(1,910)</u>	<u>(3,225)</u>
Profit and total comprehensive income for the year attributable to owners of our Company	<u><u>9,490</u></u>	<u><u>14,780</u></u>

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DESCRIPTION OF SELECTED COMPONENTS OF COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our Group's revenue was generated from the sales of mainly knitted and woven apparel products, such as t-shirts, trousers, dresses, shorts, sweaters and jacket for men, women and children, with the provision of apparel supply chain management services to our customers. The following table sets out the breakdown of our revenue generated by category, namely products with design element, standard products and accessories during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Products with design element <i>(Note 1)</i>	115,919	91.5	127,158	90.4
Standard products <i>(Note 1)</i>	7,537	5.9	10,903	7.7
Accessories <i>(Note 2)</i>	<u>3,233</u>	<u>2.6</u>	<u>2,678</u>	<u>1.9</u>
	<u><u>126,689</u></u>	<u><u>100.0</u></u>	<u><u>140,739</u></u>	<u><u>100.0</u></u>

Notes:

- (1) Standard products are apparel products which are produced based on specific design and techpack requirements determined by our customers. Products with design element are apparel products which are produced based on design and techpack requirements created by our design and product development teams and approved by our customers.
- (2) Such as belts, caps, earmuffs, gloves, hats, scarves and hangers.

Our total revenue was approximately HK\$126.7 million and HK\$140.7 million for the two years ended 31 March 2014 and 2015, respectively. The apparel products that our Group has been selling include (i) products with design element; (ii) standard products; and (iii) accessories that we procured and sourced for our customers, which are mainly wholesalers and owners of retail brands.

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During the Track Record Period, we generated over 80% of our revenue from customers in Europe and Middle East. During the Track Record Period, our sales region (according to the countries exported) covered a total of 15 countries. Our sales region (according to the countries exported) increased from 11 countries for the year ended 31 March 2014 to 15 countries for the year ended 31 March 2015. The following table shows a breakdown of our revenue by sales region (according to the countries exported) for the two years ended 31 March 2014 and 2015:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Europe ¹	59,792	47.2	64,514	45.8
Middle East ²	45,531	35.9	54,482	38.7
Americas ³	19,782	15.6	7,988	5.7
Asia Pacific ⁴	1,584	1.3	13,755	9.8
Total	126,689	100.0	140,739	100.0

Notes:

1. Such as Belgium, France, Germany, Ireland, Italy and United Kingdom.
2. Such as Israel and Saudi Arabia.
3. Such as Chile, Mexico and US.
4. Such as Australia, Hong Kong, Thailand and New Zealand.

As our customer bases are geographically diversified and we sourced a wide range of products for our customers, our business and operating results are subject to minimal seasonal fluctuations. For the explanations of the fluctuations of revenue generated in each sales region, please refer to the section “Management’s Discussion and Analysis of the Results of the Operations” below.

Our revenue is correlated with the sales volume and the selling price of our products and is determined by our customers’ demand which is in turn influenced by the macro consumer market, the worldwide economy and the satisfaction of our customers on our services. The table below sets forth our sales volume and the range of average unit selling price per customer of our products for the Track Record Period:

	For the year ended 31 March	
	2014	2015
	<i>(Approximately '000 units)</i>	<i>(Approximately '000 units)</i>
Sales volume	1,916	2,371

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	For the year ended 31 March	
	2014	2015
	<i>HK\$</i>	<i>HK\$</i>
Average unit selling price per customer		
— Products with design element	32–258	21–246
— Standard products	41–88	29–674
— Accessories	36	26–62

The selling price of our apparel products primarily depend on the quality and quantity of raw materials used, technical complexity of the design and details that are required to be incorporated in the apparel product, the number of SKU, the production costs quoted by our third-party manufacturers with an expected margin of our Group. For apparel products that are more technically demanding and more design elements are involved, our Group normally charges a higher profit margin. As set out above, the range of average unit selling price per customer of our products with design element has decreased from HK\$32 – HK\$258 for the year ended 31 March 2014 to HK\$21 – HK\$246 for the year ended 31 March 2015. Such change was mainly due to the fact that (i) orders from certain new customers for the year ended 31 March 2015 were relating to low-end apparel products; and (ii) one recurring customer (with the highest average unit selling price in 2014) has placed orders in larger quantity but at lower unit selling price. Nevertheless, our Group was able to increase the average selling price of certain portion of our recurrent customers. On the other hand, the range of average unit selling price of our standard products expanded substantially from HK\$41 – HK\$88 for the year ended 31 March 2014 to HK\$29 – HK\$674 for the year ended 31 March 2015. Such change was mainly due to the introduction of a well-known fashion brand in Hong Kong which mainly sourced high-end apparel products.

It is our strategy to focus on our strengths in the provision of apparel supply chain management services. During the Track Record Period, we outsourced all of our production orders to third-party manufacturers in order to maintain a lean capital base and minimising labour-intensive production process. Our Directors believe this strategy benefits us economically, in particular, by leverage external production capacities according to our production schedules, (i) it enables us to meet our customers' demand in a timely manner; (ii) it is more cost-effective to allocate production orders to our third-party manufacturers than to produce in-house as each of our third-party manufacturers are considered to be specialised in producing a particular type of product whereas it is impracticable for us to possess all the production skills or machineries required; and (iii) it allows more flexibility for us in choosing customers and production orders as we are not required to cover the fixed costs and labour costs for operating manufacturing plants.

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Cost of sales

Our cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The following table sets out a breakdown of our Group's cost of sales during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Cost of goods sold	92,243	93.5	95,504	92.3
Employee benefit expenses	5,938	6.0	7,723	7.5
Others	504	0.5	285	0.2
Total	98,685	100.0	103,512	100.0

For the two years ended 31 March 2014 and 2015, our cost of sales was approximately HK\$98.7 million and HK\$103.5 million, respectively. Cost of goods sold was the major component of our cost of sales, which accounted for approximately 93.5% and 92.3% of our cost of sales for the two years ended 31 March 2014 and 2015, respectively.

Cost of goods sold

The largest component of our cost of sales was cost of goods sold, which amounted to approximately HK\$92.2 million and HK\$95.5 million, representing approximately 93.5% and 92.3% of our cost of sales for the two years ended 31 March 2014 and 2015, respectively. During the Track Record Period, we outsourced all of our production orders to third-party manufacturers and the cost of goods sold represented the fees charged by third-party manufacturers. The fees charged by our third-party manufacturers will depend primarily on, among other things, the quantity and quality of raw materials required, technical complexity of the product to be manufactured, labour cost and the overhead factory cost.

Employee benefit expenses

Employee benefits expenses represented salaries, wages and other staff benefits, contributions to retirement schemes and provisions for unutilised annual leave. For the two years ended 31 March 2014 and 2015, our employee benefit expenses were approximately HK\$5.9 million and HK\$7.7 million, respectively, representing approximately 6.0% and 7.5% of our cost of sales, respectively. As we do not have any manufacturing bases, our employee benefits expenses represented the staff related costs for designers and merchandisers stationed in our Hong Kong office.

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Gross profit and gross profit margin

Our gross profit was approximately HK\$28.0 million and HK\$37.2 million for the two years ended 31 March 2014 and 2015, respectively. The following table sets out an analysis of gross profit and range of average gross profit margin per customer during the Track Record Period:

	For the year ended 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross profit	28,004	37,227
	For the year ended 31 March	
	2014	2015
	<i>(Approximately)</i>	<i>(Approximately)</i>
Overall gross profit margin	22.1%	26.5%
Average gross profit margin per customer		
— Products with design	from 11.9% to 52.5%	from 11.1% to 50.7%
— Standard products	from 16.4% to 34.3%	from 0.7% to 33.9%
— Accessories	32.0%	from 26.7% to 31.0%

Note: Gross profit margin is computed by dividing the gross profit by revenue for the corresponding year and multiplied by 100%.

Our gross profit increased by approximately HK\$9.2 million, or 32.9% from approximately HK\$28.0 million for the year ended 31 March 2014 to approximately HK\$37.2 million for the year ended 31 March 2015, which is in line with our increase in revenue for the year ended 31 March 2015. Our overall gross profit margin increased from approximately 22.1% for the year ended 31 March 2014 to approximately 26.5% for the year ended 31 March 2015, primarily due to the gradual acceptance of our products by our recurring customers and the ability to charge at higher profit margins for recurring customers which purchased apparel products with design element from us, as well as to serve new customers who required product design, which we generally charged at a higher profit margin than the standard products and accessories where no designs were required from us.

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Other income

Other income consists of service fee income and gain from disposal of a subsidiary. Our other income was approximately HK\$1.2 million and HK\$0.1 million for the two years ended 31 March 2014 and 2015, respectively. The following table sets out a breakdown of our other income during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Service fee income	1,158	100.0	133	91.1
Gain from disposal of a subsidiary	<u>—</u>	<u>—</u>	<u>13</u>	<u>8.9</u>
Total	<u>1,158</u>	<u>100.0</u>	<u>146</u>	<u>100.0</u>

Service fee income represented our income generated from the provision of office space to one of our customers and the assigning of some of our merchandising staff to assist such customer in its sourcing, sample development and operation in Hong Kong. The service fee was paid to us on a fixed and monthly basis mutually agreed with this customer. Such arrangement had been terminated in February 2014. Such customer has continued to place sales orders with us after the termination of such arrangement. Gain from disposal of a subsidiary represented the income from the disposal of interests in a wholly-owned subsidiary to a related company.

Selling expenses

Selling expenses consist of sales commission paid to our external sales representatives. For the two years ended 31 March 2014 and 2015, our selling expenses were approximately HK\$3.1 million and HK\$3.6 million, respectively. The following table sets out a breakdown of our selling expenses during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Sales commission	2,929	94.6	3,313	93.1
Others (<i>Note</i>)	<u>168</u>	<u>5.4</u>	<u>244</u>	<u>6.9</u>
Total	<u>3,097</u>	<u>100.0</u>	<u>3,557</u>	<u>100.0</u>

Note: Others represented freight and cargo insurance.

Sales commission represented commission paid to our external sales representatives for the introduction of customers and the provision of general advice on apparel industry trend. For the basis of sales commission paid to our external sales representatives, please refer to the paragraph headed "Marketing and Promotion" in business section of this document.

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During the Track Record Period, we have a total of 5 external sales representatives and the total sales commission paid was approximately HK\$2.9 million and HK\$3.3 million for the two years ended 31 March 2014 and 2015, respectively.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rental mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fee, [REDACTED], provision or reversal for impairment of trade receivables and other miscellaneous general and administrative expenses. The following table sets out a breakdown of our general and administrative expenses during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Employee benefit expenses	2,907	19.8	3,897	24.7
Operating lease rental	3,656	25.0	3,874	24.5
Entertainment and travelling expenses	1,700	11.6	1,631	10.3
Legal and professional fees	1,314	9.0	341	2.1
Depreciation of property, plant and equipment	1,038	7.1	1,197	7.6
[REDACTED]	—	—	1,542	9.8
Provision/ (Reversal of provision) for impairment of trade receivables)	1,295	8.8	(39)	(0.3)
Others (<i>Note</i>)	<u>2,743</u>	<u>18.7</u>	<u>3,362</u>	<u>21.3</u>
Total	<u><u>14,653</u></u>	<u><u>100.0</u></u>	<u><u>15,805</u></u>	<u><u>100.0</u></u>

Note: Others included travelling cost, courier, bank charges, repair and maintenance and promotional expense.

Finance costs

During the two years ended 31 March 2014 and 2015, our finance costs amounted to approximately HK\$12,000 and HK\$6,000 respectively. Our finance costs are comprised of the interest expenses on our import bank loans.

Income tax expenses

As all our profits are derived from Hong Kong, we are subject to income tax in Hong Kong and we have no tax payable in other jurisdictions during the Track Record Period. The statutory income tax rate in Hong Kong was 16.5% during the Track Record Period. Our income tax expenses are comprised of current tax expenses and deferred tax expenses amounting to approximately HK\$1.9 million and HK\$3.2 million, respectively, for the two years ended 31 March 2014 and 2015. Our weighted average applicable tax rate during the two years ended 31 March 2014 and 2015 were approximately 16.8% and 17.9%, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF THE OPERATIONS

Year ended 31 March 2015 compared to year ended 31 March 2014

Our overall revenue increased by approximately HK\$14.0 million or 11.1% from approximately HK\$126.7 million for the year ended 31 March 2014 to approximately HK\$140.7 million for the year ended 31 March 2015, which was primarily attributable to the increase in revenue generated from the sales of our apparel products with design element and standard products, offset by the decrease in revenue generated from the sales of accessories. The following table sets out the breakdown of our revenue during the Track Record Period:

	For the year ended 31 March			
	2014		2015	
	<i>HK'000</i>	<i>% of total revenue</i>	<i>HK\$000</i>	<i>% of total revenue</i>
Products with design elements	115,919	91.5	127,158	90.4
Standard products	7,537	5.9	10,903	7.7
Accessories	<u>3,233</u>	<u>2.6</u>	<u>2,678</u>	<u>1.9</u>
	<u><u>126,689</u></u>	<u><u>100.0</u></u>	<u><u>140,739</u></u>	<u><u>100.0</u></u>

Products with design element

Revenue generated from the sales of our products with design elements increased by approximately 9.7% from approximately HK\$115.9 million for the year ended 31 March 2014 to approximately HK\$127.2 million for the year ended 31 March 2015, which was primarily attributable to (i) increase in revenue generated from Europe by approximately HK\$3.7 million as we successfully solicited a new major European customer and tapped into a new sales region in Europe during the year ended 31 March 2015, which increased our sales volume; (ii) increase in our revenue generated from Middle East market of approximately HK\$8.6 million due to the increase in sales volume from the Middle East customers that required our products with design elements; (iii) increase in our revenue generated from Asia Pacific market by approximately HK\$8.1 million as our Group has successfully tapped into a new sales region in Asia Pacific market; and (iv) our Group was able to charge at a higher price for some recurring customers given gradual acceptance and satisfaction of our products and services and the conservative pricing strategy adopted by our Group as our operating subsidiary, Season, was newly established in February 2013. Such increase was offset by the decrease in revenue generated from Americas market of approximately HK\$8.3 million as a result of the decrease in sales orders from the Americas customers.

Standard products

Our revenue derived from standard products increased by approximately 45.3% from approximately HK\$7.5 million for the year ended 31 March 2014 to approximately HK\$10.9 million for the year ended 31 March 2015, primarily attributable to (i) the increase in revenue

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generated from Asia Pacific market of approximately HK\$4.4 million as our Group has successfully tapped into a new sales region in Asia Pacific market that increased our sales volume, which was offset by the decrease in revenue generated from the Americas market by approximately HK\$2.8 million as some of the Americas customers did not place new orders with us for the year ended 31 March 2015.

Accessories

Our revenue derived from accessories decreased by approximately 15.6% from approximately HK\$3.2 million for the year ended 31 March 2014 to approximately HK\$2.7 million for the year ended 31 March 2015. All of our accessories sourced for our customers were supplementary products when our customers purchased either apparel products with design elements or standard products from our Group. Sales of accessories were on an as-needed basis by our customers and our Group did not specifically focus and promote the sales of accessories.

Cost of sales

Our cost of sales increased to approximately HK\$103.5 million for the year ended 31 March 2015 from approximately HK\$98.7 million for the year ended 31 March 2014, representing an increase of approximately 4.9%.

Cost of goods sold was the largest component of our cost of sales, representing approximately 93.5% and 92.3% of the total cost of sales for the two years ended 31 March 2014 and 2015. Cost of goods sold increased from approximately HK\$92.2 million for the year ended 31 March 2014 to approximately HK\$95.5 million for the year ended 31 March 2015, representing an increase of approximately 3.6%. Such increase was generally in line with the increase in our revenue and cost of sales for the year ended 31 March 2015 as compared with that for the year ended 31 March 2014, as more production orders had been placed to third-party manufacturers as a result of the increase in the total sales volume.

Employee benefit expenses increased to approximately HK\$7.7 million for the year ended 31 March 2015 from approximately HK\$5.9 million for the year ended 31 March 2014, representing an increase of approximately 30.5%. The increase in employee benefit expenses were a result of the increase in number of design and merchandising staff to 23 as at year ended 31 March 2015 as compared to 22 as at year ended 31 March 2014 and the general increase in salary of staff in order to meet the increase in demands of our products and services from our customers.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately HK\$9.2 million, or approximately 32.9%, from approximately HK\$28.0 million for the year ended 31 March 2014 to approximately HK\$37.2 million for the year ended 31 March 2015. Our gross profit margin increased from 22.1% for the year ended 31 March 2014 to 26.5% for the year ended 31 March 2015. The increase in gross profit and gross profit margin was mainly due to (i) the gradual acceptance of our products by our customers and the ability to charge at higher price for some recurring customers which purchase apparel products with design element from us;

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(ii) successful introduction of new customers from Europe and Asia Pacific who required product design which is generally charged at higher margin; and (iii) increase in our revenue was approximately 11.1% for the year ended 31 March 2015 whilst our cost of sales only increased by 4.9% for the year ended 31 March 2015.

Other income

Other income decreased by approximately 91.7% from approximately HK\$1.2 million for the year ended 31 March 2014 to approximately HK\$0.1 million for the year ended 31 March 2015, primarily as a result of the termination of the service agreement with a customer in February 2014 in relation to the provision of office space and assignation of merchandising staff. The service fee income received from that customer was approximately HK\$1.2 million for the year ended 31 March 2014.

Selling expenses

Selling expenses increased by approximately 16.1% from approximately HK\$3.1 million for the year ended 31 March 2014 to approximately HK\$3.6 million for the year ended 31 March 2015, primarily due to the increase in sales commission paid to our external sales representatives from approximately HK\$2.9 million for the year ended 31 March 2014 to approximately HK\$3.3 million for the year ended 31 March 2015 as a result of our growing apparel management services business.

General and administrative expenses

General and administrative expenses increased by approximately 7.5% from approximately HK\$14.7 million for the year ended 31 March 2014 to approximately HK\$15.8 million for the year ended 31 March 2015, which was generally in line with the increase in revenue by approximately 11.1% for the year ended 31 March 2015. It remained stable and represented approximately 11.6% and 11.2% of our Group's revenue for the two years ended 31 March 2014 and 2015, respectively.

The increase in our general and administrative expenses was mainly due to the combined effect of (i) the expenses of approximately HK\$1.5 million incurred for the preparation of the [REDACTED]; and (ii) the increase in employee benefit expenses of approximately HK\$1.0 million for the year ended 31 March 2015 due to the increase in the number of general staff excluding design and merchandising staff from 9 as at the year ended 31 March 2014 to 10 as at the year ended 31 March 2015 and a general increase in salary of staff, while partially offset by a decrease in legal and professional fee of approximately HK\$1.0 million as a result of the cessation of engaging overseas counsel for general legal advice.

Finance costs

Our finance costs represented the interest expenses on import bank loans. Our interest expenses were HK\$12,000 and HK\$6,000 for the two years 31 March 2014 and 2015, respectively. The decrease in finance costs was mainly due to the decrease in bank borrowings for the year ended 31 March 2015.

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Income tax expenses

Our income tax expenses increased by approximately HK\$1.3 million from approximately HK\$1.9 million for the year ended 31 March 2014 to approximately HK\$3.2 million, primarily as a result of the increase in our profit before tax by approximately HK\$6.6 million for the year ended 31 March 2015.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately HK\$5.3 million or 55.8% from approximately HK\$9.5 million for the year ended 31 March 2014 to approximately HK\$14.8 million for the year ended 31 March 2015.

Our net profit margin also increased from approximately 7.5% for the year ended 31 March 2014 to approximately 10.5% for the year ended 31 March 2015. The increase in our profit and net profit margin for the period was primarily attributable to the increase in revenue and gross profit margin during the period as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

Financial resources

Our primary uses of cash are to fund our operations, satisfy our working capital needs and our capital expenditure requirements. Before [REDACTED], our primary sources of finance are mainly from the cash generated from our operations, short-term bank borrowings and funding from our Director (i.e. Mr. Cheung). After [REDACTED], we expect to meet our working capital requirements, liquidity needs and our business development plans from cash generated from our operations, short-term bank borrowings and the [REDACTED].

Cash flow of our Group

The following table is a condensed summary of our combined statements of cash flows as of the dates indicated:

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(2,305)	28,425
Net cash (used in) investing activities	(3,309)	(84)
Net cash generated from/(used in) financing activities	12,617	(5,978)
Net increase in cash and cash equivalents	7,003	22,363
Cash and cash equivalents at the beginning of the year	—	7,003
Cash and cash equivalents at the end of the year	7,003	29,366

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Net cash (used in)/generated from operating activities

For the year ended 31 March 2015, we had net cash generated from operating activities of approximately HK\$28.4 million. Profit before tax for the period was approximately HK\$18.0 million. The difference are primarily attributable to the depreciation of property, plant and equipment of approximately HK\$1.2 million, which resulted in operating cash flow before changes in working capital of approximately HK\$19.2 million. Changes in working capital represented a decrease in trade and bills receivable, prepayments and deposits of approximately HK\$21.0 million, primarily due to the fact that one of our major customers with a credit term of 90 days, whose outstanding balance mainly consisted of our sales invoices from January to March 2014, and such unsettled amount of trade receivables was recorded as trade receivables for the year ended 31 March 2014, while partially offset by a decrease in trade, bills and other payables of approximately HK\$11.6 million, as a result of faster settlement of trade and bills payable by our Group.

For the year ended 31 March 2014, we had net cash used in operating activities of approximately HK\$2.3 million. Profit before tax for the period was approximately HK\$11.4 million. The differences are primarily attributable to the depreciation of property, plant and equipment of approximately HK\$1.0 million and the provision for impairment of trade and bills receivable of approximately HK\$1.3 million, which resulted in operating cash flow before changes in working capital of approximately HK\$13.7 million. Changes in working capital represented an increase in trade and bills receivable, prepayments and deposits of approximately HK\$37.6 million, partially offset by an increase in trade, bills, and other payables of approximately HK\$21.5 million.

Net cash used in investing activities

For the two years ended 31 March 2014 and 2015, we had net cash used in investing activities of approximately HK\$3.3 million and HK\$84,000, respectively, primarily due to the addition of property, plant and equipment of approximately HK\$3.3 million for the year ended 31 March 2014 and HK\$0.1 million for the year ended 31 March 2015, respectively due to the set up of the new office in February 2013.

Net cash generated from/(used in) financing activities

For the year ended 31 March 2015, we had net cash used in financing activities of approximately HK\$6.0 million, which is comprised of primarily the decrease in amount due to our Director, Mr. Cheung, of approximately HK\$5.4 million, the payment of [REDACTED] (equity portion) of approximately HK\$0.3 million and the decrease in short-term bank borrowing of approximately HK\$0.3 million.

For the year ended 31 March 2014, we had net cash generated from financing activities of approximately HK\$12.6 million, which is comprised of primarily the increase in amount due to our Director, Mr. Cheung, of approximately HK\$12.3 million and the increase in short-term bank borrowing of approximately HK\$0.3 million.

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DESCRIPTION ON MAJOR COMPONENTS OF STATEMENTS OF FINANCIAL POSITION

Trade and bills receivable

During the Track Record Period, our trade and bills receivable primarily represented the outstanding amounts receivable from our customers who have been granted with credit periods, less the provision for impairment of trade and bills receivable. The following table sets forth our trade and bills receivable as at 31 March 2014 and 2015, respectively:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross trade and bills receivable	36,419	13,931
Less: Provision for impairment of trade and bills receivable	<u>(1,295)</u>	<u>(58)</u>
Trade and bills receivable — net	<u><u>35,124</u></u>	<u><u>13,873</u></u>

Our trade and bills receivable, net of provision for impairment decreased by approximately HK\$21.2 million, or 60.5%, from approximately HK\$35.1 million as at 31 March 2014 to approximately HK\$13.9 million as at 31 March 2015. Our net trade and bills receivables of HK\$35.1 million as at 31 March 2014, accounted for approximately 27.7% of our total revenue for 2014, was attributed by one of our major customers in 2014 with a credit term of up to 90 days, whose outstanding balance mainly consisted of our sales invoices from January to March 2014, and such unsettled amount of trade receivables were recorded in the balance sheet as at the year ended 31 March 2014. Our net trade and bills receivables then decreased to HK\$13.9 million as at 31 March 2015, accounted for only approximately 9.9% of a total revenue for 2015, primarily due to the fact that one of our major customers with a payment term of letter of credit at sight, whose orders were fulfilled in February and the corresponding sales invoices were fully settled in March 2015.

Ageing analysis of trade receivables

Our Group normally allows a credit period of up to 90 days and requests deposits from some of the new customers. Before offering any credit to a customer, we typically assess the prospective customer's credit history and reputation and determine the credit period grant to such customer accordingly. During the Track Record Period, we offered credit period of 90 days to two of our major customers in order to solicit businesses from them. For the year ended 31 March 2015, we generally did not offer credit period of longer than 30 days to new customers.

In determining impairment losses, we conduct regular reviews of ageing analysis and evaluate collectibles on an individual basis. Our provision for impairment of trade and bills receivable amounted to 3.6% and 0.4% of our gross trade and bills receivable as at 31 March 2014 and 31 March 2015, respectively. The individually impaired receivables of approximately

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HK\$1.3 million was related to two independent customers, which were in unexpectedly difficult economic situation, and it was assessed that full amounts were not expected to be recovered. Trade and bills receivable that were past due but not impaired relate to a number of customers that have a good track record with no history of default with our Group and our Directors are of the opinion that no provision for impairment is necessary. An ageing analysis of our trade and bills receivable, net of provision, as at 31 March 2014 and 31 March 2015 is as follows:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	34,418	11,320
31 to 60 days	23	160
61 to 90 days	—	313
Over 90 days	<u>683</u>	<u>2,080</u>
 Total trade and bills receivable, net of provision	 <u><u>35,124</u></u>	 <u><u>13,873</u></u>

As at the Latest Practicable Date, we had received subsequent settlement of approximately HK\$10.6 million, or 76.3% of our outstanding trade and bills receivable as at 31 March 2015.

Movement in the provision for impairment of trade and bills receivable are as follow:

	<i>HK\$'000</i>
As at 1 April 2013	—
Provision for impairment of trade and bills receivable	<u>1,295</u>
 As at 31 March and 1 April 2014	 1,295
Reversal of provision for impairment of trade and bills receivable	(39)
Receivables written off as uncollectible	<u>(1,198)</u>
 As at 31 March 2015	 <u><u>58</u></u>

As at 31 March 2014, our Group has made a provision of impairment of trade and bills receivable of approximately HK\$1.3 million as two of our customers were in unexpectedly difficult economic situation and our Directors assessed such amounts were not expected to be recovered. During the year ended 31 March 2015, our Group was able to recover HK\$39,000 and our Directors confirmed such amount could not be recovered and therefore approximately HK\$1.2 million was written off as at 31 March 2015.

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Debtors' turnover days

The following table sets out for the debtors' turnover days as at 31 March 2014 and 31 March 2015 respectively:

	As at 31 March	
	2014	2015
	<i>Days</i>	<i>Days</i>
Debtors' turnover days	51	64

Our debtors' turnover days is calculated based on the average of the ending balance of trade and bills receivable of a given year and that of its corresponding year divided by revenue of the given year, and multiplied by the number of days in the given year. Our debtors' turnover days were 51 days and 64 days as at 31 March 2014 and 2015, respectively, which was in line with the credit terms of up to 90 days offered to our customers.

Prepayments and deposits

Our prepayments and deposits are mainly comprised of rental deposits, deferred [REDACTED] and prepayments. Rental deposits primarily consisted of the security deposit paid for the rental of office, staff quarter, carpark and warehouse. The following table sets forth a breakdown of prepayments and deposits as at the date indicated:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental deposits	1,061	987
Deferred [REDACTED]	—	474
Prepayments	49	393
Other receivables	38	20
	1,148	1,874

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Our prepayments and deposits increased by approximately HK\$0.7 million, for approximately HK\$1.1 million as at 31 March 2014 to approximately HK\$1.9 million as at 31 March 2015, primarily due to a combined effect of an increase in deferred [REDACTED] of approximately HK\$0.5 million and an increase in prepayments of approximately HK\$0.4 million.

Trade and bills payable

During the Track Record Period, our trade and bills payable mainly represented the outstanding amounts payables to our third-party manufacturers. The following table sets forth our trade and bills payable as at 31 March 2014 and 2015, respectively:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payable	15,627	5,316

Our trade and bills payable decreased by approximately HK\$10.3 million, or 66.0%, from approximately HK\$15.6 million as of 31 March 2014 to approximately HK\$5.3 million as of 31 March 2015, primarily due to the faster settlement by our Group on outstanding amount to our third-party manufacturers in order to maintain a strong business relationship with them.

Ageing analysis of trade and bills payable

An ageing analysis of our trade and bills payable as at 31 March 2014 and 31 March 2015 is as follows:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	14,341	4,847
31 to 60 days	1,113	168
61 to 90 days	3	46
Over 90 days	<u>170</u>	<u>255</u>
	<u><u>15,627</u></u>	<u><u>5,316</u></u>

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Creditors' turnover days

During the Track Record Period, our Group was offered credit periods generally ranging from 7 days to 60 days. The following table sets out the creditors' turnover days as at 31 March 2014 and 31 March 2015:

	As at 31 March	
	2014	2015
	<i>Days</i>	<i>Days</i>
Creditors' turnover days	31	40

Creditors' turnover days is calculated based on the average of the ending balance of trade and bills payable of a given year and that of its corresponding previous year, divided by the cost of goods sold for the given year and multiplied by the number of days in the given year. Our creditors' turnover days were 31 days and 40 days as at 31 March 2014 and 2015, which was in line with the credit terms granted to our Group by our suppliers of up to 60 days.

Our Directors confirmed we had not materially defaulted or delayed in payment of our trade and bills payable during the Track Record Period and up to the Latest Practicable Date.

As at the Latest Practicable Date, approximately HK\$5.1 million, or 96.2% of our trade and bills payable as at 31 March 2014 and 2015 were subsequently settled.

Other payables

The following table sets out our other payables as at 31 March 2014 and 31 March 2015:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commission payable	2,248	2,366
Receipts in advance from customers	1,479	1,070
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	419	512
Deferred rent	355	71
Rental deposit payable to a related company	861	—
Other accruals and payables	528	601
	6,140	4,870

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Our other payables principally represented commission payable, receipts in advances from customers, accrual for employee benefits expenses, deferred rent, rental deposit payable to a related company and other accrual and payables.

Commission payable represented the commission to be paid to our external sales representatives for the introduction of customers and the provision of general advice on apparel industry trend. Receipts in advance from customers represented amounts received from our customers for the purchase of our Group's products.

Our Group's other payables decreased by approximately 19.7% or HK\$1.2 million from approximately HK\$6.1 million as at 31 March 2014 to approximately HK\$4.9 million as at 31 March 2015. Such decrease was mainly attributable to the one-off rental deposit payable to a related company incurred in 2014 and the decrease in receipt in advance from customers as a result of the decrease in deposit paid by our customers, which was partially offset by a slight increase in commission payable due to the increase in total revenue and the increase of accrued employee benefits expenses as a result of the increase number of staff.

Property, plant and equipment

Property, plant and equipment consist of leasehold improvements, office equipment, computer equipment and fitting and furniture.

As at 31 March 2014 and 2015, the carrying amount of our property, plant and equipment amounted to approximately HK\$2.5 million and HK\$1.4 million, respectively, representing approximately 74.5% and 89.6% of our Group's total non-current assets, respectively.

The decrease in property, plant and equipment was mainly due to the decrease in leasehold improvements as a result of the depreciation charge of approximately HK\$1.0 million in 2015.

Amount due to a director

As at 31 March 2014 and 31 March 2015, the amount due to our director, Mr. Cheung, was approximately HK\$12.3 million and HK\$6.9 million, respectively. Such amount was unsecured, interest-free and repayable on demand. Our Directors confirmed that all of the outstanding balance with Mr. Cheung will be fully settled prior to the [REDACTED].

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INDEBTEDNESS

Bank borrowings

The table below set out our interest-bearing bank borrowings as at the dates indicated:

	As at 31 March		As at [30 April]
	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current			
— Import bank loans	320	—	—

As at 31 March 2014, our bank borrowings represented import bank loans of approximately HK\$0.3 million, which were denominated in U.S. dollars and were repayable within one year subject to a repayable on demand clause. The import loan was interest-bearing with an interest rate of approximately 1.99% per annum as at 31 March 2014.

As at 31 March 2014 and 2015, our Group and certain companies owned by Ms. Mang, our Shareholder had shared the banking facilities relating to, among others, import facilities, import loan and revolving loan in total maximum amount of HK\$81.0 million and HK\$86.0 million. Such banking facilities were secured by among others (i) the legal charges over property; (ii) the assignment over a life insurance policy; and (iii) the unlimited personal and corporate guarantee relating to Ms. Mang, our Shareholder. As at 31 March 2014 and 2015, our Group utilised approximately HK\$17.4 million and HK\$3.2 million respectively of the banking facilities for, among others, the import facilities and guaranteed line. Such banking facilities were entered into because our Group was newly established and did not have sufficient assets as security for obtaining comparable banking facilities.

On 15 June 2015, a new banking facilities in total maximum amount of HK\$10.0 million of our Group became effective which are in our own capacity and has replaced the aforementioned joint banking facilities. The new banking facilities are only guaranteed by an unlimited personal guarantee from our Controlling Shareholder, Mr. Cheung. Application has been made to the relevant bank and such guarantee will, subject to approval, be released upon the [REDACTED].

Our Directors confirmed that we had not defaulted or delayed in any payment or breached any of the material covenants pertaining to our bank borrowing during the Track Record Period and up to the Latest Practicable Date.

Saved as the disclosed above, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, and authorised or otherwise created by unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, contingent liabilities or guarantees. In addition, we currently do not have any external financing plans.

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We confirm that, other than as disclosed in this document, there had been no material change in our indebtedness since 30 April 2015 up to the Latest Practicable Date.

Net current assets

The following table sets forth a breakdown of our current assets, current liabilities, and net current assets as at the dates indicated:

	As at 31 March 2014 HK\$'000	As at 31 March 2015 HK\$'000	As at 30 April 2015 HK\$'000
CURRENT ASSETS			
Trade and bills receivable, prepayments and deposits	35,411	15,745	32,530
Cash and cash equivalents	<u>7,003</u>	<u>29,366</u>	<u>15,006</u>
	<u>42,414</u>	<u>45,111</u>	<u>47,536</u>
CURRENT LIABILITIES			
Trade, bills and other payables	21,517	10,186	13,396
Bank borrowings	320	—	—
Amount due to a director	12,299	6,928	6,928
Current income tax liabilities	<u>1,910</u>	<u>5,299</u>	<u>3,388</u>
	<u>36,046</u>	<u>22,413</u>	<u>23,712</u>
NET CURRENT ASSETS	<u><u>6,368</u></u>	<u><u>22,698</u></u>	<u><u>23,824</u></u>

As at 31 March 2014 and 2015, we recorded net current assets of approximately HK\$6.4 million and HK\$22.7 million, respectively. Our current assets as at 31 March 2014 and 2015 are mainly comprised of (i) trade and bills receivable, prepayments and deposits of approximately HK\$35.4 million and HK\$15.7 million, respectively, and cash and cash equivalents of approximately HK\$7.0 million and HK\$29.4 million, respectively.

Our current liabilities as at 31 March 2014 and 2015 are mainly comprised of (i) trade, bills and other payables of approximately HK\$21.5 million and HK\$10.2 million, respectively; (ii) amount due to a director of approximately HK\$12.3 million and HK\$6.9 million, respectively; and (iii) current income tax liabilities of approximately HK\$1.9 million and HK\$5.3 million, respectively. We expect to settle our trade, bills and other payables from financial resources, including cash generated from operations when they fall due.

Net current assets increased from approximately HK\$6.4 million as at 31 March 2014 to approximately HK\$22.7 million as at 31 March 2015. Notwithstanding an increase in current tax liabilities of HK\$3.4 million, the increase was mainly due to (i) the increase in cash and cash equivalents of approximately HK\$22.4 million; (ii) the decrease in trade, bills and other

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payables of approximately HK\$11.3 million; (iii) the decrease in amount due to our Director of approximately HK\$5.4 million; and (iv) the decrease in trade and bills receivable, prepayments and deposits of approximately HK\$19.7 million.

Net current assets increased from approximately HK\$22.7 million as at 31 March 2015 to approximately HK\$23.8 million as at 30 April 2015. Such increase was mainly due to the increase in trade and bills receivable, prepayments and deposits of HK\$16.8 million as a result of large orders placed in April 2015, primarily offset by (i) the decrease in cash and cash equivalent of HK\$14.3 million; and (ii) increase in trade, bills and other payables of HK\$3.2 million due to increased orders placed with the manufacturers as a result of the increased orders placed from our customers.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion, and the Sole Sponsor concurs, that, after due and careful enquiry and taking into account the financial resources available to us, including internally generated funds, the available banking facilities and the estimated [REDACTED] from the [REDACTED], our Group has sufficient working capital to satisfy the present requirements for our current operation and planned expansion, for at least the next 12 months from the date of this document.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure

During the Track Record Period, our capital expenditure has principally consisted of leasehold improvements and purchase of office and computer equipment and fitting and furniture. The table below sets out our capital expenditure during the period indicated:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold improvement, excluding provision for reinstatement	2,576	—
Office and computer equipment, fitting and furniture	733	94
Total	3,309	94

Capital commitments

We had no material capital commitments as at 31 March 2014 and 2015.

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Operating lease arrangement

As lessee

Our Group entered into commercial leases on certain warehouse, staff quarter and office buildings as our principal place of business, parking field, and staff quarter. These leases have an average life of 3 years. None of the leases includes contingent rentals.

For the Track Record Period, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March	
	2014	2015
	HK\$'000	HK\$'000
No later than one year	2,942	3,544
Later than 1 year and no later than 5 years	<u>2,734</u>	<u>—</u>
Total	<u><u>5,676</u></u>	<u><u>3,544</u></u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any material off-balance sheet arrangement.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we were not aware of any pending or potential material legal proceedings involving our Group, or to our Directors' knowledge, threatened against us which could have a material adverse effect on our business or operations. Our Directors confirm that as at the Latest Practicable Date, other than as disclosed in the sub-section headed “Indebtedness” in this section, we did not have any material contingent liabilities.

RELATED PARTY BALANCES AND TRANSACTIONS

During the Track Record Period, we had certain related party transactions. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors confirmed that all related party transactions during the Track Record Period were conducted on arm's length basis, on normal commercial terms and in the ordinary course of business and these related party transactions did not distort our results of operations for the Track Record Period.

For more information on our related party transactions, please see Note 22 to our combined financial statements included in “Appendix I — Accountant's Report” to this document.

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[REDACTED]

Our estimated expenses in relation to the [REDACTED] primarily consist of legal and professional fees in relation to the [REDACTED], the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range stated in this document, the [REDACTED] to be borne by our Company are estimated to be approximately HK\$[REDACTED] million. During the Track Record Period, we paid [REDACTED] of approximately HK\$[REDACTED] million of which HK\$[REDACTED] million was recognised in the combined statements of comprehensive income for the year ended 31 March 2015 and approximately HK\$[REDACTED] million (HK\$[REDACTED] million will be accounted for as deduction from equity upon [REDACTED] and HK\$[REDACTED] million will be recognised as expenses in the combined statement of comprehensive income for the year ended 31 March 2016) was recognised as deferred [REDACTED] in the combined statement of financial position as at 31 March 2015. We expected to further pay [REDACTED] of approximately HK\$[REDACTED] million of which approximately HK\$[REDACTED] million is expected to be recognised as expenses in the combined statement of comprehensive income for the year ended 31 March 2016 and approximately HK\$[REDACTED] million will be accounted for as a deduction from equity.

DISTRIBUTABLE RESERVES

Since our Company was incorporated on 11 May 2015, there was no distributable reserves of our Company available for distribution to our Shareholders as at 31 March 2015.

PROFIT DISTRIBUTION

During the year ended 31 March 2014 and 2015, except for the dividend mentioned below, we had not made any profit distribution.

DIVIDENDS AND DIVIDEND POLICY

Our Group declared interim dividends of HK\$[12.0] million to the then shareholders out of the distributable profit for the year ended 31 March 2015.

We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant.

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KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	<i>Note</i>	Year ended 31 March	
		2014	2015
Current ratio	<i>1</i>	1.2 times	2.0 times
Quick ratio	<i>2</i>	1.2 times	2.0 times
Gearing ratio	<i>3</i>	1.3 times	0.3 time
Net debt to equity ratio	<i>4</i>	0.6 time	N/A
Return on equity	<i>5</i>	99.9%	60.9%
Return on assets	<i>6</i>	20.7%	31.7%
Interest coverage	<i>7</i>	951.0 times	3,001.8 times
Gross profit margin	<i>8</i>	22.1%	26.5%
Net profit margin	<i>9</i>	7.5%	10.5%

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities as of the end of the year.
2. Quick ratio is calculated by dividing current assets (net of inventories) by total current liabilities as of the end of the year.
3. Gearing ratio is calculated by dividing total debts by total equity as of the end of the year. Our total debts include bank borrowing and amount due to a Director.
4. Net debt to equity ratio is calculated by dividing net debt by total equity as of the end of the year. Net debt is defined to include total debts (bank borrowing plus amount due to a Director) net of cash and cash equivalents.
5. Return on equity is calculated by dividing profit by total equity as of the end of the year and multiplying the resulting value by 100%.
6. Return on assets is calculated by dividing profit by total assets as of the end of the year and multiplying the resulting value by 100%.
7. Interest coverage is calculated by dividing profit before interest and income tax by finance costs for the year.
8. Gross profit margin is calculated by dividing gross profit by revenue for the year and multiplying the resulting value by 100%. Gross profit equals revenue minus cost of sales.
9. Net profit margin is calculated by dividing profit by revenue for the year and multiplying the resulting value by 100%.

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Current ratio

Our current ratio increased from approximately 1.2 times as at 31 March 2014 to approximately 2.0 times as at 31 March 2015, primarily due to increase in our cash and cash equivalents from approximately HK\$7.0 million as at 31 March 2014 to approximately HK\$29.4 million as at 31 March 2015 and decrease in trade and bills payable from approximately HK\$15.6 million as at 31 March 2014 to approximately HK\$5.3 million as at 31 March 2015.

Quick ratio

As our Group did not have any inventories during the Track Record Period, our quick ratio was the same as current ratio.

Gearing ratio

Our gearing ratio was approximately 1.3 times and approximately 0.3 times as at 31 March 2014 and 31 March 2015, respectively. Such decrease was primarily due to the decrease in bank borrowings for the year ended 31 March 2015 and the increase in the equity by approximately 155.6% in 2015 as a result of the accumulation of retained earnings from net profit for the year ended 31 March 2015.

Net debt to equity ratio

Our net debt to equity ratio was approximately 0.6 times and nil as at 31 March 2014 and 31 March 2015, respectively. Our net debt to equity was nil in 2015 as our cash position has been significantly improved in 2015 and has resulted in a net cash position for the year ended 31 March 2015.

Return on equity

Return on equity decreased from approximately 99.9% for the year ended 31 March 2014 to approximately 60.9% for the year ended 31 March 2015, primarily due to the increase in our equity of approximately 155.6% from approximately HK\$9.5 million as at 31 March 2014 to approximately HK\$24.3 million as at 31 March 2015, which outweighed the increase in our net profit of approximately 55.8% from HK\$9.5 million for the year ended 31 March 2014 to HK\$14.8 million for the year ended 31 March 2015.

Return on assets

Return on assets increased from approximately 20.7% for the year ended 31 March 2014 to 31.7% for the year ended 31 March 2015. While our total assets only increased by approximately 2.0% in 2015, the increase in return on assets ratio was primarily attributable to the significant increase in our net profit by approximately 55.8% from HK\$9.5 million for the year ended 31 March 2014 to HK\$14.8 million for the year ended 31 March 2015.

FINANCIAL INFORMATION

Interest coverage

Interest coverage increased from approximately 951.0 times for the year ended 31 March 2014 to approximately 3,001.8 times for the year ended 31 March 2015. The increase was primarily attributable to the significant increase in our operating profit before interest and tax by approximately 57.8% and a decrease in finance costs of 50.0%.

Gross profit margin

Our gross profit margin was approximately 22.1% and approximately 26.5% for the year ended 31 March 2014 and 2015, respectively. Gross profit margin was described in the paragraph headed "Gross profit and gross profit margin" above.

Net profit margin

Our net profit margin was approximately 7.5% and approximately 10.5% for the years ended 31 March 2014 and 2015, respectively. Our net profit margin increased in line with the increase in gross profit margin. Net profit margin was described in the paragraph headed "Profit for the year" above.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

We are exposed to a variety of financial risks in the normal course of business, including foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk, as set out below. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. As of the Latest Practicable Date, no hedging activities were considered necessary to hedge any of these risks.

Foreign exchange risk

Our Group's revenue and expenses are mainly in US dollar, which is the functional currency of our Group. As Hong Kong dollar is pegged to US dollar, we do not expect any significant movement in the US dollar/Hong Kong dollar exchange rate. We do not undertake any foreign currency hedging currently.

Cash flow Interest rate risk

Our cash flow interest rate risk relates primarily to variable-rate bank borrowings. It is our policy to keep borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The effect of the changes in interest rate was not material to our Group for the two years ended 31 March 2014 and 2015.

The cash flow interest rate is mainly concentrated on the fluctuation of HIBOR/LIBOR arising from our Group's Hong Kong dollar denominated pledged bank deposits and US dollar denominated bank borrowings.

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Credit risk

The carrying amounts of cash at banks, trade, bills and other receivables and deposits included in the combined statements of financial position represent our Group's maximum exposure to credit risk in relation to its financial assets. Our Group trades only with recognised and creditworthy third parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that our 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.

Liquidity risk

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

SENSITIVITY ANALYSIS

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of goods sold on our net profit for the years during the Track Record Period, as represented by changes in cost of goods sold assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 1.0%, 2.0% and 3.0% during the Track Record Period, which is determined with reference to the recent price trend of cotton in the PRC.

Cost of goods sold changes	For the year ended 31 March			
	2014		2015	
	Net profit <i>HK\$'000</i>	Change in net profit %	Net profit <i>HK\$'000</i>	Change in net profit %
3.0%	6,723	-29%	11,915	-19%
2.0%	7,645	-19%	12,870	-13%
1.0%	8,568	-10%	13,825	-6%
0	9,490	0%	14,780	0%
-1.0%	10,412	10%	15,735	6%
-2.0%	11,335	19%	16,690	13%
-3.0%	12,257	29%	17,645	19%

Our cost of sales are mainly comprised of the cost of goods sold we paid to our third-party manufacturers. For the two years ended 31 March 2015, cost of goods sold amounted to approximately HK\$92.2 million and HK\$95.5 million, respectively, representing approximately 72.8% and 67.9% of our Group's total revenue for the respective years.

Our business is dependent on our ability to source the apparel products we procured for our customers from third-party manufacturers and our financial performance is, to certain extent, sensitive to price fluctuation of the cost of goods sold we paid to third-party

FINANCIAL INFORMATION

manufacturers we engaged. Nevertheless, the selling price of our products is fixed at the time when we offer our pricing to our customers, any fluctuation or change to cost of goods sold is borne by our customers. Thus, the analysis stated above is only for illustrative purpose.

BREAKEVEN ANALYSIS

For the year ended 31 March 2014, it is estimated that (i) with a decrease in turnover of approximately 7.5% and all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of goods sold of approximately 10.3% and all other variables held constant, our Group would achieve breakeven.

For the year ended 31 March 2015, it is estimated that (i) with a decrease in turnover of approximately 10.5% and all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of goods sold of approximately 15.5% and all other variables held constant, our Group would achieve breakeven.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the net tangible assets of our Group attributable to the owners of our Company as of 31 March 2015 as if the [REDACTED] had taken place on 31 March 2015.

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This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as at 31 March 2015 or at any future dates following the [REDACTED]. It is prepared based on the combined net assets of our Group as at 31 March 2015 as set out in the Accountant's Report of our Group, the text of which is set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

Audited combined net tangible assets of our Group attributable to the owners of our Company as at 31 March 2015 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated [REDACTED] [REDACTED] <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted combined net tangible assets attributable to the owners of our Company as at [31 March 2015] <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted net tangible assets per Share <i>(Note 4)</i> <i>HK\$</i>
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Based on the minimum
indicative [REDACTED] of
HK\$[REDACTED] per
Share

	<u>24,280</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
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Based on the maximum
indicative [REDACTED] of
HK\$[REDACTED] per
Share

	<u>24,280</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
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Notes:

- (1) The audited combined net tangible assets attributable to the owners of our Company as at 31 March 2015 is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited combined net assets of our Group attributable to the owners of our Company as at 31 March 2015 of approximately HK\$24 million with no adjustment for the intangible assets as our Group does not have intangible assets.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the indicative [REDACTED] of HK\$[REDACTED] per Share and HK\$[REDACTED] per Share after deduction of the underwriting fees and other related expenses amounting to approximately HK\$[REDACTED] million (excluding approximately HK\$[REDACTED] million which have been incurred as at 31 March 2015) payable by our Company but takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares or the Share Option Scheme as described in the section headed "Share Capital" in this document.

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- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] has been completed on [31 March 2015] but takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares or the Share Option Scheme as described in the section headed "Share Capital" in this document.
- (4) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 March 2015.

DISCLOSURE REQUIRED UNDER RULE 17.15 TO RULE 17.21 OF THE GEM LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 17.15 to Rule 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position since 31 March 2015, the end of period reported in the Accountant's Report set out in Appendix I to this document, and there has been no event since 31 March 2015 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the paragraph headed “Business — Our Business Strategies” in this document for our Group’s business objectives and strategies.

REASONS FOR THE [REDACTED] AND [REDACTED]

Our Directors believe that the [REDACTED] of our Shares on GEM will enhance our corporate profile and the [REDACTED] from the [REDACTED] will strengthen our financial position and will enable us to implement our business plans set out in the paragraph headed “Implementation plans” below.

Furthermore, a public [REDACTED] status on the Stock Exchange will give us access to the capital market for corporate finance exercise which assists us in our future business development, enhances our corporate profile and recognition, enhances the transparency of our Group’s operation and strengthens our competitiveness.

Our Directors consider that [REDACTED] from the [REDACTED] are crucial for financing our Group’s business strategies. Details of our corporate strategies and business plans are set forth in the paragraph headed “Business Objective and Strategies — Implementation Plans” of this document. Our Directors estimate that the [REDACTED] from the [REDACTED] (after deducting estimated expenses payable by our Group in connection with the [REDACTED]) will be approximately HK\$[REDACTED] million based on a [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], round to the nearest cent). It is at present intended that the [REDACTED] will be applied as follows:

[REDACTED]

FUTURE PLANS AND [REDACTED]

[REDACTED]

If the [REDACTED] is set at the high-end of the indicative [REDACTED] range at HK\$[REDACTED] per Share, the [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED] million. If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, at HK\$[REDACTED] per Share, the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED] million. If the [REDACTED] is finally determined to be less than HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED], rounded to the nearest cent), our Group will reduce the proposed use of [REDACTED] on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the [REDACTED] is finally determined to be more than HK\$[REDACTED], our Group will increase the proposed amounts of [REDACTED] based on a pro rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately required for the above purposes, it is the present intention of our Directors that such [REDACTED] will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the [REDACTED] from the [REDACTED] together with the internal resources of our Group will be sufficient to finance the implementation of our Group’s business plans as set out in the paragraph headed “Business Objectives and Strategies — Implementation Plans” of this document.

FUTURE PLANS AND [REDACTED]

IMPLEMENTATION PLANS

In pursuance of the business objectives set forth above, the implementation plans of our Group are set forth below for each of the 6-month periods until 30 September 2018. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraphs headed “Bases and Assumptions” below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk factors” of this document.

[REDACTED]

FUTURE PLANS AND [REDACTED]

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the future plans from the Latest Practicable Date up to 30 September 2018:

- (a) there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong, or in any other places in which any member of our Group carries on its business or will carry on its business;
- (b) our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives related;
- (c) there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;
- (d) there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- (e) there will be no significant changes in our Group’s business relationship with its existing strategic and business partners;
- (f) there will be no significant changes in our Group’s business relationship with its major customers;
- (g) there will be no material changes in the funding required for each of the scheduled achievements as outlined in the paragraph headed “Implementation plans” in this section; and
- (h) our Group will not be materially affected by the risk factors as set out in the section headed “Risk factors” in this document.

SHARE CAPITAL

Assuming the [REDACTED] becomes unconditional and without taking into account of any Shares which may be allotted and issued upon the exercise of any options to be granted under the Share Option Scheme, the authorised and issued share capital of our Company immediately following the [REDACTED] and the [REDACTED] will be as follows:

	Nominal value <i>HK\$</i>
Authorised share capital:	
<u>10,000,000,000</u> Shares	<u>100,000,000</u>
	Nominal value <i>HK\$</i>
Shares of HK\$0.01 each in issue and to be issued, fully paid or credited as fully paid:	
1,000 Shares in issue	10
[REDACTED] Shares to be issued upon completion of the [REDACTED]	[REDACTED]
<u>[REDACTED]</u> [REDACTED] to be allotted and issued pursuant to the [REDACTED]	<u>[REDACTED]</u>
<u>[REDACTED]</u> Shares in total	<u>[REDACTED]</u>

ASSUMPTIONS

The above table assumes that the [REDACTED] becomes unconditional and the issue of Shares pursuant to the [REDACTED] and the [REDACTED] are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM [REDACTED]

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the [REDACTED] and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The [REDACTED] will be ordinary shares in the share capital of our Company and will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document save for the entitlement under the [REDACTED].

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For more details, please see the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law — 2. Articles of Association — (c) Alteration of capital" in Appendix III to this document.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law — 2. Articles of Association — (d) Variation of rights of existing shares or classes of shares" in Appendix III to this document.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the paragraphs headed "Appendix IV — Statutory and General Information — Share Option Scheme" of this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] and the [REDACTED] (not including Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

SHARE CAPITAL

Our Directors may, in addition to the Shares which they are authorised to issue under the general mandate, allot, issue and deal in the Shares pursuant to a rights issue, scrip dividends or similar arrangements or options granted or to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate will remain in effect until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held by the Articles or any applicable law of the Cayman Islands;
- (iii) the time when such mandate is revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs the earliest.

Further information on this general mandate is set forth under the paragraph headed “Appendix IV — Statutory and General Information — Further Information about Our Company” of this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed “Structure and Conditions of the [REDACTED]” of this document being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the [REDACTED] and the [REDACTED].

UNDERWRITING

[REDACTED]

[REDACTED]

[●]

[REDACTED]

The [REDACTED]

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

Undertakings by our Company and our Controlling Shareholders

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

Lock-up Undertaking by [REDACTED] Investors

[REDACTED]

UNDERWRITING

[REDACTED]

Total commission, fee and expenses

In connection with the [REDACTED], the [REDACTED] will receive an [REDACTED] of [REDACTED]% of the aggregate [REDACTED] of all [REDACTED] according to the arrangement of the [REDACTED], out of which they will pay any [REDACTED] and praecipium.

In connection with the [REDACTED] and the [REDACTED], the total expenses, including the [REDACTED] fees, the [REDACTED], the brokerage, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses, to be borne by our Company and the [REDACTED] in the proportion of [REDACTED]% and [REDACTED]% respectively and is estimated to be approximately HK\$[REDACTED] million (based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]).

[REDACTED] interest in our Company

Save as provided for under the [REDACTED] and disclosed otherwise in this document, none of the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of its directors, employees or associates has any shareholding interests in any member of our Group nor has any right or option to subscribe for or nominate persons to subscribe for any Shares.

SOLE SPONSOR'S INTEREST AND INDEPENDENCE

Save as disclosed in this document, and for advisory and documentation fee paid and to be paid to Guotai Junan Capital as the Sole Sponsor in connection with the [REDACTED] and as our Compliance Adviser with effect from the [REDACTED], Guotai Junan Capital nor any of its close associates has or may, as a result of the [REDACTED] and the [REDACTED], have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities).

No director or employee of Guotai Junan Capital who is involved in providing advice to our Company has or, as a result of the [REDACTED] and/or the [REDACTED], may have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities). No director or employee of Guotai Junan Capital has any directorship in our Company or any other members of our Group.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set forth in Rule 6A.07 of the [REDACTED].

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report received from the Company’s reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of [REDACTED].

[DRAFT]

[To insert the firm’s letterhead]

[Date]

The Directors
Season Pacific Holdings Limited
Guotai Junan Capital Limited

Dear Sirs,

We report on the financial information of Season Pacific Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”), which comprises the combined statements of financial position as at 31 March 2014 and 2015, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2014 and 2015 (the “**Track Record Period**”), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the document of the Company dated [date] (the “**Document**”) in connection with the [REDACTED].

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. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed “Reorganisation” below, which was completed on [date], the Company became the holding company of the subsidiaries now comprising the Group (the “**Reorganisation**”).

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

APPENDIX I

ACCOUNTANT’S REPORT

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period, in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) (the “**Underlying Financial Statements**”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “**HKSAs**”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.3 of Section II below.

Directors’ Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with [REDACTED].

Opinion

[In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 March 2014 and 2015 and of the Group’s combined results and cash flows for the Track Record Period.]

APPENDIX I

ACCOUNTANT’S REPORT

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2014 and 2015 and for each of the years ended 31 March 2014 and 2015 (the “**Financial Information**”), presented on the basis set out in Note 1.3 below.

Combined Statements of Comprehensive Income

	<i>Note</i>	For the year ended 31 March	
		2014	2015
		<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	5	126,689	140,739
Cost of sales	6	<u>(98,685)</u>	<u>(103,512)</u>
Gross profit		28,004	37,227
Other income	5	1,158	146
Selling expenses	6	(3,097)	(3,557)
General and administrative expenses	6	<u>(14,653)</u>	<u>(15,805)</u>
Operating profit		11,412	18,011
Finance expenses	8	<u>(12)</u>	<u>(6)</u>
Profit before income tax		11,400	18,005
Income tax expense	9	<u>(1,910)</u>	<u>(3,225)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>9,490</u>	<u>14,780</u>
Basic and diluted earnings per shares for profit attributable to owners of the Company	11	<u>N/A</u>	<u>N/A</u>
Dividend	10	<u>—</u>	<u>(12,000)</u>

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Combined Statements of Financial Position

		As at 31 March	
		2014	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	2,521	1,418
Deferred income tax asset	<i>13</i>	—	164
Rental deposits	<i>15</i>	<u>861</u>	<u>—</u>
		<u>3,382</u>	<u>1,582</u>
Current assets			
Trade and bills receivable, prepayments and deposits	<i>15</i>	35,411	15,745
Cash and cash equivalents	<i>16</i>	<u>7,003</u>	<u>29,366</u>
		<u>42,414</u>	<u>45,111</u>
Total assets		<u>45,796</u>	<u>46,693</u>
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Capital	<i>17</i>	10	10
Retained earnings			
— Proposed interim dividend	<i>10</i>	—	12,000
— Others		<u>9,490</u>	<u>12,270</u>
Total equity		<u>9,500</u>	<u>24,280</u>
Non-current liabilities			
Provision for reinstatement cost	<i>18</i>	<u>250</u>	<u>—</u>
Current liabilities			
Trade, bills and other payables	<i>18</i>	21,517	10,186
Bank borrowing	<i>19</i>	320	—
Amount due to a director	<i>22</i>	12,299	6,928
Current income tax liabilities		<u>1,910</u>	<u>5,299</u>
		<u>36,046</u>	<u>22,413</u>
Total liabilities		<u>36,296</u>	<u>22,413</u>
Total equity and liabilities		<u>45,796</u>	<u>46,693</u>
Net current assets		<u>6,368</u>	<u>22,698</u>
Total assets less current liabilities		<u>9,750</u>	<u>24,280</u>

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Combined Statements of Changes in Equity

	Attributable to owner of the Company		
	Capital	Retained	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2013	10	—	10
Total profit and comprehensive income for the year	<u>—</u>	<u>9,490</u>	<u>9,490</u>
Balance at 31 March 2014 and 1 April 2014	10	9,490	9,500
Total profit and comprehensive income for the year	<u>—</u>	<u>14,780</u>	<u>14,780</u>
Balance at 31 March 2015	<u><u>10</u></u>	<u><u>24,270</u></u>	<u><u>24,280</u></u>

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Combined Statements of Cash Flows

		For the year ended	
		31 March	
		2014	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Profit before income tax		11,400	18,005
Adjustments for:			
Finance expenses	8	12	6
Depreciation of property, plant and equipment	12	1,038	1,197
Provision/(reversal of provision) for impairment of trade and bills receivable	15	1,295	(39)
Gain on disposal of a subsidiary	20	<u>—</u>	<u>(13)</u>
Operating profits before working capital changes		13,745	19,156
Changes in working capital:			
Trade and bills receivable, prepayments and deposits		(37,567)	20,850
Trade, bills and other payables		<u>21,517</u>	<u>(11,581)</u>
Net cash (used in)/generated from operating activities		<u>(2,305)</u>	<u>28,425</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(3,309)	(94)
Proceeds from disposal of a subsidiary	20	<u>—</u>	<u>10</u>
Net cash used in investing activities		<u>(3,309)</u>	<u>(84)</u>
Cash flows from financing activities			
Net increase/(decrease) in short-term bank borrowing		320	(320)
Proceeds from issuance of shares		10	—
Increase/(decrease) in amount due to a director		12,299	(5,368)
Payment of [REDACTED] (equity portion)		—	(284)
Interest paid		<u>(12)</u>	<u>(6)</u>
Net cash generated from/(used in) financing activities		<u>12,617</u>	<u>(5,978)</u>
Net increase in cash and cash equivalents		7,003	22,363
Cash and cash equivalents at beginning of year		<u>—</u>	<u>7,003</u>
Cash and cash equivalents at end of year	16	<u><u>7,003</u></u>	<u><u>29,366</u></u>

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II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 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 is an investment holding company. The Company and the companies now comprising the group (the “**Group**”) are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers (the “[REDACTED] **Business**”). The ultimate holding company of the Company is Alpha Direct Investments Limited (“**Alpha Direct**”). The ultimate controlling party of the Group is Mr. Cheung Lui (“**Mr. Cheung**”).

The Financial Information is presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the Reorganisation as described below, the [REDACTED] Business was carried out by companies now comprising the Group (collectively the “**Subsidiaries**”). The Subsidiaries were collectively controlled by Mr. Cheung throughout the Track Record Period.

Pursuant to the Reorganisation, the Company acquired the shareholding interests in the [REDACTED] Business through the following steps:

- (i) On 21 July 2014, Seazon Pacific Limited (“**Seazon Pacific**”) disposed of its interests in Unkut International Limited (“**Unkut**”) to Fine Sight Enterprises Limited (“**Fine Sight**”), a company wholly owned by Mr. Cheung, at a consideration of HK\$10,000.
- (ii) On 13 February 2015, the issued share capital of Fine Sight was enlarged from US\$50,000 to US\$100,000 by allotting and issuing 35,000 shares at its par value of US\$1 to Mr. Cheung. At the same time, Fine Sight issued 15,000 shares to Success Time Holdings Limited (“**Success Time**”) which is solely owned by Mr. Yip Chun Wai David (“**Mr. Yip**”) at consideration of HK\$8,000,000.
- (iii) On 2 April 2015, Trinity Ally Limited (“**Trinity Ally**”) was incorporated in the British Virgin Islands (the “**BVI**”) with one share allotted and issued at par value of HK\$1 to Fine Sight on 5 June 2015.
- (iv) On 2 April 2015, Alpha Direct was incorporated in the BVI with one share allotted and issued at par value of HK\$1 to Mr. Cheung on 24 April 2015.
- (v) On 10 April 2015, Mr. Cheung transferred 8% equity interest of Fine Sight to Wise Manner Limited (“**Wise Manner**”) which was solely owned by Ms. Martine Mang Ngai (“**Ms. Mang**”) at a consideration of HK\$4,266,667. Since then, Fine Sight was ultimately owned as at 77% by Mr. Cheung, 15% by Mr. Yip and 8% by Ms. Mang.
- (vi) 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 and Wise Manner, respectively.

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- (vii) [On [date], all the entire issued share capital of Seazon Pacific held by Fine Sight were transferred to Trinity Ally for a consideration of allotting and issuing 99 shares in Trinity Ally to Fine Sight. As a result, Seazon Pacific became a wholly owned subsidiary of Fine Sight through Trinity Ally.
- (viii) The Company acquired Trinity Ally from Fine Sight for a consideration of allotting and issuing 900 shares to Fine Sight. Since then, Trinity Ally became a wholly owned subsidiary of the Company and the Company was owned as to 900 shares by Fine Sight. As a result, the Company was owned as to 90% by Fine Sight, 7.7% by Alpha Direct, 1.5% by Success Time and 0.8% by Wise Manner.
- (ix) On [date], Fine Sight declared a distribution in specie to distribute all its interests in the Company to its shareholders. Mr. Cheung nominated Alpha Direct for the purpose of holding his interests in the Company under the distribution in specie. As a result, the Company is owned as to 77% by Alpha Direct, 8% by Wise Manner and 15% by Success Time.]

After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation and kind of legal entity	Date of incorporation	Issued and fully paid share capital	Equity interest held as at 31 March		Principal activities and place of operation	Notes
				2014	2015		
Directly held							
Trinity Ally	British Virgin Islands, limited liability company	2 April 2015	United States Dollar ("US\$") 1	—	—	Investment holding	(i)
Indirectly held							
Seazon Pacific	Hong Kong, limited liability company	4 February 2013	HK\$10,000	100%	100%	Sales of apparel with the provision of supply chain management total solutions to customers	(ii)

Notes:

- (i) No audited statutory financial statements have been issued for this company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (ii) The statutory financial statements of this company for the period from 4 February 2013 (date of incorporation) to 31 March 2014 and [for the year ended 31 March 2015] were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the [REDACTED] Business is controlled by Mr. Cheung. The [REDACTED] Business is conducted through Seazon Pacific which is ultimately controlled by Mr. Cheung and is the only operating entity of the Group. Pursuant to the Reorganisation, Seazon Pacific and the [REDACTED] Business are transferred from Fine Sight to Trinity Ally which is a wholly owned subsidiary of the Company. The Company and Trinity Ally have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The steps as described in Note 1.2 above are merely a reorganisation of the [REDACTED] Business with no change in management of such business.

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The ultimate owners of the [REDACTED] Business remain the same, except for the transaction with Mr. Yip and Ms. Mang as described in Note 1.2 above. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the [REDACTED] Business under Seazon Pacific and, for the purpose of this report, the Financial Information has been prepared and presented as a continuation of the combined financial statements of Seazon Pacific, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the [REDACTED] Business under the combined financial statements of Seazon Pacific for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during each of the years ended 31 March 2014 and 2015, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which is in accordance with HKFRSs issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention.

The Financial Information is prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for the financial year and the comparative period.

The preparation of the Financial Information in conformity with HKFRSs 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 financial statements are disclosed in Note 4.

The following are standards, amendments and interpretations to existing standards that have been published and mandatory for the Group's accounting periods beginning on or after 1 April 2015, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 19 (2011, Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS (Amendment)	Annual improvements to HKFRS 2010–2012 cycle	1 July 2014
HKFRS (Amendment)	Annual improvements to HKFRS 2011–2013 cycle	1 July 2014
HKFRS (Amendment)	Annual improvements to HKFRS 2012–2014 cycle	1 January 2016

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKASs and HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

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2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Except as described in Note 1.3, subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

(b) Disposal of a subsidiary

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Information 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 Group is US\$. The Financial Information is presented in 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 combined statements 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:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

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- (b) 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
- (c) all resulting currency translation differences are recognised in other comprehensive income.

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 combined statements 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

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 combined statements 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.

2.7 Financial assets

(a) 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

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classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, deposits and cash and cash equivalents in the combined statement of the financial position (Notes 2.9 and 2.10).

(b) 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 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 combined statements 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 combined statements of comprehensive income.

2.9 Trade and bills receivable

Trade and bills receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and bills receivable is 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 receivable 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 combined statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

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2.11 Combined 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 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statements 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.

2.14 Borrowing costs

Borrowing costs are charged to the combined statements of comprehensive income in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the combined statements 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 combined 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.

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2.16 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.

Contribution to these defined contribution plans are charged to the combined statements 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.

2.17 Provisions

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.

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2.18 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.

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.

2.19 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 combined statements of comprehensive income on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the combined 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 US\$. Any changes in the exchange rates of US\$ to HK\$ will impact the Group's operating results.

As HK\$ is pegged to US\$, foreign exchange exposure is considered as minimal. The Group currently does not undertake any foreign currency hedging.

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(ii) Cash flow interest rate risk

The Group's interest risk arises from bank deposits as at 31 March 2014 and 2015 and bank borrowings as at 31 March 2014 which carried at variable rates.

Management considered that the interest rates on bank deposits 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 each of the years ended 31 March 2014 and 2015.

(b) Credit risk

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

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. 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.

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The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the combined statements 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). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment and no interest payments were included. 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 <i>HK\$'000</i>	Less than 3 months <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2014			
Trade, bills and other payables	—	19,264	19,264
Amount due to a director	12,299	—	12,299
Bank borrowing	<u>320</u>	<u>—</u>	<u>320</u>
	<u>12,619</u>	<u>19,264</u>	<u>31,883</u>
As at 31 March 2015			
Trade, bills and other payables	—	8,283	8,283
Amount due to a director	<u>6,928</u>	<u>—</u>	<u>6,928</u>
	<u>6,928</u>	<u>8,283</u>	<u>15,211</u>

The table below summarises the maturity analysis of bank borrowing with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity analysis — Bank borrowing subject to a repayment on demand clause based on scheduled repayments	
	Less than 3 months <i>HK\$'000</i>	Total <i>HK\$'000</i>
As 31 March 2014	<u>322</u>	<u>322</u>
As 31 March 2015	<u>—</u>	<u>—</u>

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.

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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 2014 and 2015.

	As at 31 March	
	2014	2015
	HK\$'000	HK\$'000
Cash and cash equivalents (<i>Note 16</i>)	7,003	29,366
Less: bank borrowing (<i>Note 19</i>)	<u>(320)</u>	<u>—</u>
Net cash	<u>6,683</u>	<u>29,366</u>

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, trade and bills receivable, trade, bills and other payables, amount due to a director and bank borrowing approximate their fair values due to their short maturities.

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 receivable

The Group determines the provision for impairment of trade and bills receivable 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 in Hong Kong. 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.

5 SEGMENT INFORMATION

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

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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	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Sales of goods	126,689	140,739
Other income		
Service fee income	1,158	133
Gain from disposal of a subsidiary (<i>Note 20</i>)	—	13
	<u>1,158</u>	<u>146</u>
Total revenue and other income	<u>127,847</u>	<u>140,885</u>

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Europe	59,792	64,514
Middle East	45,531	54,482
America	19,782	7,988
Asia Pacific	1,584	13,755
	<u>126,689</u>	<u>140,739</u>

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

	For the year ended 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	36,604	50,259
Customer B and C (<i>Note</i>)	50,464	36,274
Customer D	—	16,534
	<u>—</u>	<u>16,534</u>

Note: Both customer B and Customer C sourced the same categories of apparel products for the same French brand and they are under common management. Therefore, management considers these two customers as a whole.

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6 EXPENSES BY NATURE

	For the year ended 31 March	
	2014	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Cost of goods sold	92,243	95,504
Sales commission		
— to a related company (<i>Note 22(b)</i>)	2,248	2,310
— to third parties	681	1,003
Depreciation of property, plant and equipment (<i>Note 12</i>)	1,038	1,197
Provision/(reversal of provision) for impairment of trade receivables (<i>Note 15</i>)	1,295	(39)
Operating lease rentals in respect of		
— office	2,696	2,733
— staff quarter	585	730
— warehouse	221	218
— car park	154	193
Auditors’ remuneration	300	300
Employee benefit expenses (<i>Note 7</i>)	8,845	11,620
Entertainment and travelling expenses	1,700	1,631
[REDACTED]	—	1,542
Other expenses	<u>4,429</u>	<u>3,932</u>
Total cost of sales, selling expenses and general and administrative expenses	<u><u>116,435</u></u>	<u><u>122,874</u></u>

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS’ EMOLUMENTS)

	For the year ended 31 March	
	2014	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Wages, salaries and bonus	8,338	11,170
Provision for unutilised annual leave	197	63
Pension costs — defined contribution plans	<u>310</u>	<u>387</u>
	<u><u>8,845</u></u>	<u><u>11,620</u></u>

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Notes:

(a) Directors’ emoluments

The emoluments of individual directors of the Company were set out below:

	Salaries <i>HK\$’000</i>	Discretionary bonus <i>HK\$’000</i>	Directors’ quarters rental <i>HK\$’000</i>	Employer’s contribution to pension scheme <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the year ended 31 March 2014					
Executive directors					
Mr. Cheung, Chief Executive Officer <i>(note)</i>	514	—	240	12	766
Mr. Chak Ka Wai <i>(note)</i>	421	—	—	12	433
Non-executive director					
Chan Hong Nei, Connie	—	—	—	—	—
	<u>935</u>	<u>—</u>	<u>240</u>	<u>24</u>	<u>1,199</u>
For the year ended 31 March 2015					
Executive directors					
Mr. Cheung, Chief Executive Officer <i>(note)</i>	671	—	333	18	1,022
Mr. Chak Ka Wai <i>(note)</i>	561	—	—	18	579
Non-executive director					
Chan Hong Nei, Connie	—	—	—	—	—
	<u>1,232</u>	<u>—</u>	<u>333</u>	<u>36</u>	<u>1,601</u>

Note: The remuneration shown above represents remuneration received from the Group by the directors in their capacity as employee of the Subsidiaries during each of the years ended 31 March 2014 and 2015.

No director fees were paid to these directors in their capacity as directors of the Company or the Subsidiaries and no emoluments were paid by the Company or the Subsidiaries to the directors as an inducement to join the Company, or as compensation for loss of office during each of the years ended 31 March 2014 and 2015.

No directors waived any emoluments during each of the years ended 31 March 2014 and 2015.

[Ng Ka Lok, Jeffery Choi and Luk Yung Yung Claire] were appointed as the Company’s independent non-executive directors on [date]. During the Track Record Period, the independent non-executive directors had not yet been appointed and did not receive any remuneration.

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(b) Five highest paid individuals

For each of the years ended 31 March 2014 and 2015, the five individuals whose emoluments were the highest in the Group include 2 director whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 3 individuals are as follows:

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages, salaries and bonus	1,481	1,847
Provision for unutilised annual leave	38	29
Pension costs — defined contribution plans	<u>37</u>	<u>52</u>
	<u><u>1,556</u></u>	<u><u>1,928</u></u>

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

	Number of individuals	
	For the year ended	
	31 March	
	2014	2015
Nil–HK\$1,000,000	<u>3</u>	<u>3</u>

8 FINANCE EXPENSES

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank borrowing repayable within 1 year	<u>12</u>	<u>6</u>

9 INCOME TAX EXPENSE

The amount of taxation charged to the combined statements of comprehensive income represents:

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$</i>
Hong Kong profits tax		
— Current income tax	1,910	3,389
— Deferred income tax (<i>Note 13</i>)	<u>—</u>	<u>(164)</u>
Income tax expenses — total	<u><u>1,910</u></u>	<u><u>3,225</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for each of the years ended 31 March 2014 and 2015. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

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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	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	<u>11,400</u>	<u>18,005</u>
Tax calculated at a tax rate of 16.5%	1,881	2,971
Expenses not deductible for tax purposes	39	256
Income not subject to taxation	—	(2)
Tax deduction	<u>(10)</u>	<u>—</u>
Income tax expense	<u><u>1,910</u></u>	<u><u>3,225</u></u>

For each of the years ended 31 March 2014 and 2015, the weighted average applicable tax rate was 16.8% and 17.9%, respectively. The increase in weighted average applicable tax rate for the year ended 31 March 2015 was mainly due to the non-deductible [REDACTED] of HK\$1,542,000.

10 DIVIDENDS

	For the year ended	
	31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed interim dividend to the then shareholder (HK\$1,200 per ordinary share)	<u>—</u>	<u>(12,000)</u>

Interim dividends of HK\$12,000,000 out of the profits of Seazon Pacific for the year ended 31 March 2015 were proposed and approved on 4 June 2015.

11 BASIC AND DILUTED EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for the each of the years ended 31 March 2014 and 2015 on a combined basis as disclosed in Note 1.3 above.

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12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Fitting and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2014					
Opening net book value	—	—	—	—	—
Additions	2,826	64	666	3	3,559
Depreciation	(917)	(12)	(109)	—	(1,038)
Closing net book value	1,909	52	557	3	2,521
At 31 March 2014					
Cost	2,826	64	666	3	3,559
Accumulated depreciation	(917)	(12)	(109)	—	(1,038)
Net book value	1,909	52	557	3	2,521
Year ended 31 March 2015					
Opening net book value	1,909	52	557	3	2,521
Additions	—	—	93	1	94
Depreciation	(954)	(13)	(229)	(1)	(1,197)
Closing net book value	955	39	421	3	1,418
At 31 March 2015					
Cost	2,826	64	759	4	3,653
Accumulated depreciation	(1,871)	(25)	(338)	(1)	(2,235)
Net book value	955	39	421	3	1,418

Depreciation expenses of HK\$1,038,000 and HK\$1,197,000 have been charged to the general and administrative expenses for each of the years ended 31 March 2014 and 2015, respectively.

13 DEFERRED INCOME TAX ASSET

The analysis of deferred income tax asset is as follows:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax asset: Recoverable after 12 months	—	164

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

	Decelerated tax depreciation <i>HK\$'000</i>
Deferred income tax asset	
At 1 April 2013 and 2014	—
Credited to the combined statement of comprehensive income (<i>Note 9</i>)	<u>164</u>
At 31 March 2015	<u><u>164</u></u>

As at 31 March 2014 and 2015, the Group did not have any unrecognised deferred income tax assets.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets as per combined statements of financial position		
Loans and receivables:		
— Trade and bills receivable and deposits	36,223	14,878
— Cash and cash equivalents	<u>7,003</u>	<u>29,366</u>
Total	<u><u>43,226</u></u>	<u><u>44,244</u></u>
Liabilities as per combined statements of financial position		
Other financial liabilities at amortised cost:		
— Trade, bills and other payables	19,264	8,283
— Amount due to a director	12,299	6,928
— Bank borrowing	<u>320</u>	<u>—</u>
Total	<u><u>31,883</u></u>	<u><u>15,211</u></u>

15 TRADE AND BILLS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross trade and bills receivable	36,419	13,931
Provision for impairment of trade and bills receivable	<u>(1,295)</u>	<u>(58)</u>
Trade and bills receivables, net of provision	35,124	13,873
Rental deposits	1,061	987
Deferred [REDACTED]	—	474
Prepayments	49	393
Other receivables	<u>38</u>	<u>18</u>
	36,272	15,745
Less: Non-current portion		
Long-term portion of rental deposits	<u>(861)</u>	<u>—</u>
	<u><u>35,411</u></u>	<u><u>15,745</u></u>

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

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

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	<u>32,654</u>	<u>10,581</u>
1 to 30 days	1,764	739
31 to 60 days	23	160
61 to 90 days	—	313
Over 90 days	<u>683</u>	<u>2,080</u>
Past due but not impaired	<u>2,470</u>	<u>3,292</u>
Total trade and bills receivable, net of provision	<u>35,124</u>	<u>13,873</u>

As at 31 March 2014 and 2015, trade receivables of HK\$2,470,000 and HK\$3,292,000, respectively, 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 2014 and 2015, trade receivables of HK\$1,295,000 and HK\$58,000, respectively, were impaired and full provision was made. The individually impaired receivables related to two independent customers which were in unexpectedly difficult economic situations, and it was assessed that the full amounts were not expected to be recovered. The ageing of these receivables is as follows:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over 90 days	<u>1,295</u>	<u>58</u>

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

	<i>HK\$'000</i>
At 1 April 2013	—
Provision for impairment of trade and bills receivable	<u>1,295</u>
At 31 March and 1 April 2014	1,295
Reversal of provision for impairment of trade and bills receivable	(39)
Receivables written off during the year as uncollectible	<u>(1,198)</u>
At 31 March 2015	<u>58</u>

The other classes within trade and bills receivable 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.

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

	As at 31 March	
	2014	2015
	HK\$'000	HK\$'000
US\$	35,124	13,956
HK\$	1,148	1,707
Singapore dollars ("SG\$")	—	82
	<u>36,272</u>	<u>15,745</u>

16 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2014	2015
	HK\$'000	HK\$'000
Cash at banks and on hand	<u>7,003</u>	<u>29,366</u>
Maximum exposure to credit risk	<u>6,935</u>	<u>29,302</u>

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

	As at 31 March	
	2014	2015
	HK\$'000	HK\$'000
HK\$	647	6,997
US\$	6,335	22,127
Renminbi ("RMB")	21	123
SG\$	—	119
	<u>7,003</u>	<u>29,366</u>

17 CAPITAL

Capital as at 31 March 2014 and 2015 represented the combined share capital of the Subsidiaries after elimination of inter-company investments.

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

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payable	15,627	5,316
Commission payable		
— to a related company (<i>Note 22(c)</i>)	2,248	2,310
— to a third party	—	56
Receipts in advance from customers	1,479	1,070
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	419	512
Deferred rent	355	71
Rental deposit payable to a related company (<i>Note 22(c)</i>)	861	—
Other accruals and payables	<u>528</u>	<u>601</u>
	21,767	10,186
Less: Non-current portion		
Provision for reinstatement cost	<u>(250)</u>	<u>—</u>
	<u><u>21,517</u></u>	<u><u>10,186</u></u>

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

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	19,010	8,636
HK\$	<u>2,757</u>	<u>1,550</u>
	<u><u>21,767</u></u>	<u><u>10,186</u></u>

Trade and bills payable

As at 31 March 2014 and 2015, the aging analysis of the trade and bills payable based on due date is as follows:

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	11,894	1,824
1 to 30 days	2,447	3,023
31 to 60 days	1,113	168
61 to 90 days	3	46
Over 90 days	<u>170</u>	<u>255</u>
	<u><u>15,627</u></u>	<u><u>5,316</u></u>

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19 BANK BORROWING

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current		
Import loan	<u>320</u>	<u>—</u>

As at 31 March 2014, the bank borrowing was repayable on demand and carried at amortised cost. The bank borrowing was denominated in US\$. As at 31 March 2014, the bank borrowing was wholly repayable within 1 year with an interest rate of 1.99% per annum.

As at 31 March 2014 and 2015, the Group had aggregate banking facilities of HK\$81,000,000 and HK\$86,000,000 for overdrafts, import facilities, loans, performance bond, trust receipts, guarantee and factoring. The granted banking facilities represented a combined limit shared between the Group and two related companies owned by a shareholder. These facilities were secured/guaranteed by:

- (i) legal charges over a property which was owned by a shareholder;
- (ii) an assignment over a life insurance policy of a shareholder;
- (iii) an unlimited personal guarantee from a shareholder; and
- (iv) an unlimited guarantee from certain related companies owned by a shareholder.

[REDACTED]

20 DISPOSAL OF A SUBSIDIARY

The Group disposed of its entire interests in Unkut, a wholly-owned subsidiary, to Fine Sight, a related company, at a consideration of HK\$10,000 on 21 July 2014.

The following table summarises the consideration received, the fair value of assets disposed and the liabilities discharged at the disposal date.

	<i>HK\$'000</i>
Assets and liabilities disposed of:	
Amount due to a director	(3)
Gain on disposal of a subsidiary	<u>13</u>
Total consideration for disposal of a subsidiary	<u>10</u>
Satisfied by:	
Consideration settled by cash	<u>10</u>

21 COMMITMENTS

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

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

	As at 31 March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating lease of office, staff quarter and warehouse:		
No later than 1 year	2,942	3,544
Later than 1 year and no later than 5 years	<u>2,734</u>	<u>—</u>
	<u>5,676</u>	<u>3,544</u>

The Group did not have any material capital commitments as at 31 March 2014 and 2015.

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 Track Record Period:

Name of the related party	Relationship with the Group
Mr. Cheung	Executive director and ultimate shareholder of the Company
Seven Retail Limited	Controlled by Ms. Mang, a shareholder of the Company
OSG Sourcing Limited	Controlled by Ms. Mang, a shareholder of the Company

- (b) **Transactions with related parties**

Save as disclosed elsewhere in the Financial Information, during the Track Record Period, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	For the year ended 31	
	March	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales commission expenses to Seven Retail Limited	<u>2,248</u>	<u>2,310</u>

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(c) Amounts due to related parties

As at 31 March 2014 and 2015, the outstanding balances due to a director and a related company are unsecured, interest-free and repayable on demand. The balances are denominated in HK\$ and approximate their fair values.

	As at 31 March	
	2014	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Non-trade		
Amount due to Mr. Cheung	12,299	6,928
Rental deposit payable to Seven Retail Limited (<i>note e</i>)	<u>861</u>	<u>—</u>
	<u><u>13,160</u></u>	<u><u>6,928</u></u>
Trade		
Sales commission payable to Seven Retail Limited	<u>2,248</u>	<u>2,310</u>

[REDACTED]

(d) Key management compensation

Key management includes directors (executive and non-executive), five highest paid individuals as disclosed in Note 7(b) 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	
	2014	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Salaries and other short-term employee benefits	3,050	4,237
Provision for unutilised annual leave	48	37
Pension costs — defined contribution plans	<u>72</u>	<u>105</u>
	<u><u>3,170</u></u>	<u><u>4,379</u></u>

(e) Other arrangements with related parties

The operating lease agreements for the office and warehouse were entered by Seven Retail Limited and OSG Sourcing Limited, respectively, and the landlords. Seven Retail Limited and OSG Sourcing Limited have assigned all the liabilities and obligation under the operating lease agreements to the Group. The operating lease agreement for the warehouse expired in December 2014 and was not renewed. The existing operating lease agreement for the office was terminated effective 30 April 2015, and a new operating lease agreement of the office with effective date on 1 May 2015 was entered by Seazon Pacific, a subsidiary of the Group, and the landlord.

23 CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2014 and 2015.

APPENDIX I

ACCOUNTANT'S REPORT

24 SUBSEQUENT EVENTS

Save as disclosed in the report, the following significant events took place subsequent to 31 March 2015:

- (i) The Group has signed a new banking facilities letter with a bank for aggregate banking facilities of HK\$10,000,000 to replace the existing banking facilities with aggregate banking facilities of HK\$81,000,000. The new banking facilities are secured/guaranteed by unlimited guarantee from Mr. Cheung with an effective date on 15 June 2015.
- (ii) [On [●], the Group completed the Reorganisation (Note 1.2).]

25 FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 11 May 2015 with an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. As at 31 March 2015, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date.

III. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2015 and up to the date of this report. Except as disclosed in Note 10 in Section II, no dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2015.]

Yours faithfully,
[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this document and the "Accountant's Report" set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the net tangible assets of the Group attributable to the owners of the Company as of 31 March 2015 as if the [REDACTED] had taken place on 31 March 2015.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 March 2015 or at any future dates following the [REDACTED]. It is prepared based on the combined net assets of the Group as at 31 March 2015 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2015 (Note 1) HK\$'000	Estimated [REDACTED] [REDACTED] (Note 2) HK\$'000	Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company as at 31 March 2015 (Note 3) HK\$'000	Unaudited pro forma adjusted net tangible assets per Share (Note 4) HK\$
Based on the minimum indicative [REDACTED] of HK\$[REDACTED] per Share	<u>24,280</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Based on the maximum indicative [REDACTED] of HK\$[REDACTED] per Share	<u>24,280</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited combined net tangible assets attributable to the owners of the Company as at 31 March 2015 is extracted from the Accountant’s Report set out in Appendix I to this document, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 March 2015 of approximately HK\$24.3 million with no adjustment for the intangible assets as the Group does not have intangible assets.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the indicative [REDACTED] of HK\$[REDACTED] per Share and HK\$[REDACTED] per Share after deduction of the [REDACTED] and other related expenses amounting to approximately HK\$[REDACTED] million (excluding approximately HK\$[REDACTED] million which have been incurred as at 31 March 2015) payable by the Company but takes no account of any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares or the Share Option Scheme as described in the section headed “Share Capital” in this document.
- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] has been completed on 31 March 2015 but takes no account of any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares or the Share Option Scheme as described in the section headed “Share Capital” in this document.
- (4) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 March 2015.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

**B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF
OUR COMPANY AND CAYMAN ISLANDS COMPANIES LAW**

Set out below is a summary of certain provisions of the Memorandum of Association and the Articles of Association of our Company and of certain aspects of Cayman company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 May 2015 under the Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on [●] with effect from the [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum of Association and the Articles of Association, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

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Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries.

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company

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promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on

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retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting

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of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.”

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(viii) Borrowing powers

The board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

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- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

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(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered

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holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the board or our Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in

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writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;

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- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

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The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

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(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any

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one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the board may decide.

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If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

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A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

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(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The [REDACTED] of any such sale shall belong to our Company and upon receipt by our Company of such [REDACTED], it shall become indebted to the former member of our Company for an amount equal to such [REDACTED].

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial

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assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling

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such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

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(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 26 May 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought

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within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from

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its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF
OUR COMPANY AND CAYMAN ISLANDS COMPANIES LAW**

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 May 2015. Our 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 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 June 2015. In connection with such registration, Mr. Cheung has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which is comprised of a memorandum of association and the articles of association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in authorised and issued share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

On 11 May 2015, Sharon Pierson subscribed for 1 Share at par and such Share was immediately transferred to Alpha Direct at par.

On 11 May 2015, Alpha Direct, Success Time and Wise Manner subscribed for and to which our Company allotted and issued 76, 15 and 8 Shares at par respectively.

On [●] 2015, in consideration of the transfer of the entire issued share capital of Trinity Ally from Fine Sight to our Company, our Company allotted and issued 900 Shares to Fine Sight, all credited as fully paid.

On [●] 2015, Fine Sight declared a distribution in specie to distribute all its interests in our Company to its shareholders (or as the shareholders may direct). Under the aforesaid distribution, 693 Shares were transferred from Fine Sight to Alpha Direct under the direction of Mr. Cheung, while 135 Shares and 72 Shares were transferred from Fine Sight to Success Time and Wise Manner respectively. Upon completion of the aforesaid distribution, our Company was owned as to 770 Shares by Alpha Direct, as to as to 150 Shares by Success Time and as to 80 Shares by Wise Manner respectively.

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3. Resolutions in writing of all the Shareholders passed on [●] 2015

On [●] 2015, resolutions in writing were passed by all the Shareholders, pursuant to which, among other matters:

- (a) our Company adopted the new Memorandum of Association with immediate effect and the Articles of Association with effect from the [REDACTED] the terms of which are summarised in Appendix III to this Document;
- (b) our Company approved an increase of the authorised share capital of our Company from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 Shares;
- (c) conditional on (i) the [REDACTED] of the Stock Exchange granting the [REDACTED] of, and permission to deal in the Shares in issue and to be issued as mentioned in this document and (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of the [REDACTED] or otherwise:
 - (i) the [REDACTED] was approved and our Directors were authorised to allot and issue the [REDACTED] and approve the transfer of [REDACTED] pursuant to the [REDACTED];
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" below, were approved and adopted and our Directors were authorised to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company and to appropriate such sum as capital to pay up in full at par [REDACTED] Shares for allotment and issue to the Shareholders whose names appear on the register of members of our Company at the close of business on [●] 2015, and our Directors were authorised to give effect to such capitalisation and distribution;
 - (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the [REDACTED] or the [REDACTED], the Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED]; and (bb) the aggregate nominal amount of the share capital of our Company which may be repurchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and

- (v) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase the Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED], until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

4. The Reorganisation

Our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the [REDACTED] and our Company became the holding company of our Group. For information relating to the Reorganisation, please refer to the section headed "History and Reorganisation" in this document.

5. Changes in share capital of subsidiaries of our Company

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this document. Save as set out in the section headed "History and Reorganisation" of this document, there has been no alternation in the share capital of any of the subsidiaries of our Company within the two years preceding the date of this document.

Save for the subsidiaries mentioned in Appendix I to this document, our Company has no other subsidiaries.

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6. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit a company which is listed on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all the Shareholders on [●] 2015, the Repurchase Mandate was given to our Directors to repurchase the Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED]. The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases of the Shares, if any, must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum, Articles and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands law, any repurchases of Shares by our Company may only be made out of profits of our Company, or out of share premium account, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

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STATUTORY AND GENERAL INFORMATION

(iii) Connected parties

A company is prohibited from knowingly repurchasing securities from a "core connected person" (as defined in the GEM Listing Rules), which includes a director, chief executive or substantial shareholder of our Company or any of their subsidiaries or their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and its Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

(d) Material adverse impact

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after the [REDACTED] of the Shares on the Stock Exchange, would result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

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(e) General

None of our Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell the Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material in relation to the business of our Company taken as a whole:

- (a) the share purchase agreement dated [●] and entered into between our Company as the purchaser and Fine Sight as the vendor pursuant to which our Company agreed to purchase from Fine Sight the entire issued share capital of Trinity Ally and in return our Company allotted and issued 900 Shares to Fine Sight, credited as fully paid;
- (b) the Deed of Non-Competition;
- (c) the [REDACTED]; and
- (d) the Deed of Indemnity entered into by our Controlling Shareholders and our Company dated [●], details of which are set out in the paragraph headed "E. Other Information — 1. Tax and other indemnities" of this Appendix.

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2. Intellectual property

(a) Trademark

As at the Latest Practicable Date, our Group had applied for the registration of the following trademark:

Trademark	Application No.	Applicant	Territory of application	Class(es)	Date of application
SEASON	303430007	Our Company	Hong Kong	16, 25	3 June 2015

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain Name	Date of Registration (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
season.com.hk	04/12/2014	05/12/2015
seasonpacific.com	04/12/2014	04/12/2015
seasonhk.com	29/05/2014	04/12/2015
seasonpacific.com	29/05/2015	29/05/2016

Information contained in the above websites does not form part of this document.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS:

1. Interests and short positions of Directors and chief executive in the Shares, underlying Shares and debentures of our Company and its associated corporations following the [REDACTED] and the [REDACTED]

Immediately following completion of the [REDACTED] and the [REDACTED] and taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our 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 will 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 our Directors to be notified to our Company and the Stock Exchange, will be as follows:

Name of Director	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in our Company
Mr. Cheung	Interest in controlled corporation (<i>Note</i>)	[REDACTED] (long position)	[REDACTED]%

Note: 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.

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2. Interests and short positions of Substantial Shareholders in the Shares, underlying Shares and debentures of our Company and its associated corporations following the [REDACTED] and the [REDACTED]

Immediately following completion of the [REDACTED] and the [REDACTED] and taking into no account of any Shares which may be allotted and issued upon the exercise of any options granted under the Share Option Scheme, so far as it is known to the Directors, the following persons, not being a Director or chief executive of our Company, will have an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is 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 our Group:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in our Company
Alpha Direct	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Ngan Shui Ling Crystal	Interest of spouse (<i>Note 1</i>)	[REDACTED]	[REDACTED]%
Success Time	Beneficial owner	[REDACTED]	[REDACTED]%
Mr. Yip	Interest in controlled corporation (<i>Note 2</i>)	[REDACTED]	[REDACTED]%
Ms. Chang Mei Nai Vinnie	Interest of spouse (<i>Note 2</i>)	[REDACTED]	[REDACTED]%
Wise Manner	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Mang	Interest in controlled corporation (<i>Note 3</i>)	[REDACTED]	[REDACTED]%

Notes:

- (1) 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 [REDACTED] Shares held by Alpha Direct under the SFO.
- (2) Success Time is wholly-owned by Mr. Yip. Ms. Chang Mei Nai Vinnie (“**Mrs. Yip**”), being the spouse of Mr. Yip, is deemed to be interested in all the Shares that Mr. Yip is interested in. Accordingly, each of Mr. Yip and Mrs. Yip is deemed to be interested in the [REDACTED] Shares held by Success Time under the SFO.
- (3) Wise Manner is wholly-owned by Ms. Mang. Accordingly, Ms. Mang is deemed to be interested in [REDACTED] Shares held by Wise Manner under the SFO.

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3. Directors

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company. The terms and conditions of each of such service agreements are similar in all material aspects other than the amount of salary. Each service agreement is for an initial term of three years with effect from the [REDACTED] and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service agreements, the initial annual salary payable to our executive Directors is as follows:

Name	HK\$
Mr. Cheung	[120,000]
Mr. Chak Ka Wai	[120,000]

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is to be determined with reference to the operating results of our Group and the performance of our executive Director. The initial annual salary of our executive Directors are subject to an additional one-month salary at the end of each year of service and an annual increment at the discretion of our Directors of not more than 10% of the annual salary at the time of the relevant review. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself.

(b) Non-executive Director and Independent Non-executive Directors

Ms. Chan Hong Nei Connie, being our non-executive Director and each of Mr. [Ng Ka Lok], Mr. [Choi Sheung Jeffrey] and Ms. [Luk Yung Yung Claire], being all the independent non-executive Directors, has entered into a letter of appointment with our Company on 16 June 2015 and [●] respectively. The letter of appointment for Ms. Chan Hong Nei Connie is for an initial term of three years commencing from 1 June 2015 while the letters of appointment for Mr. [Ng Ka Lok], Mr. [Choi Sheung Jeffrey] and Ms. [Luk Yung Yung Claire] are for an initial term of three years commencing from the [REDACTED], all of which shall continue thereafter unless terminated by either party giving at least one month's notice in writing. The annual remuneration payable to the non-executive Director and the independent non-executive Directors under each of the letters of appointment are as follows:

Name	HK\$
Ms. Chan Hong Nei Connie	240,000
Mr. [Ng Ka Lok]	[120,000]
Mr. [Choi Sheung Jeffrey]	[120,000]
Ms. [Luk Yung Yung Claire]	[120,000]

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Save for the annual director's fees mentioned above, none of the non-executive Director or the independent non-executive Directors is entitled to receive any other remuneration for holding his/her office as a non-executive Director or an independent non-executive Director (as the case may be).

Each of our executive Directors has also entered into a service contract with Seazon. The terms and conditions of each of such service contracts are similar in all material aspects other than the amount of salary. Each service contract is for an initial term of one year with effect from the [REDACTED] which shall be determinable by Seazon within one year without the payment of compensation (other than statutory compensation). Under the service contracts, the initial annual salary payable to Mr. Cheung and Mr. Chak Ka Wai is HK\$1,005,000 and HK\$561,000 respectively.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

The aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors for the two years ended 31 March 2014 and 2015 was approximately HK\$1,199,000 and HK\$1,601,000, respectively.

Under the arrangements currently in force, it is estimated that the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Directors) payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 March 2016 is estimated to be approximately HK\$[2.1] million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended 31 March 2014 and 31 March 2015 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 March 2014 and 31 March 2015.

Our Company's policies concerning remuneration of our Directors are as follows:

- (a) the amount of remuneration is determined by the Remuneration Committee and on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Group;
- (b) non-cash benefits may be provided to the executive Directors under their remuneration package; and
- (c) our Directors may be granted, at the discretion of our Board, options pursuant to the Share Option Scheme, as part of this remuneration package.

Further information in respect of our Directors' remuneration is set out in Appendix I to this document.

Save as disclosed in Appendix I to this document, none of our Directors received any remuneration or benefits in kind from our Group during the Track Record Period.

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4. Agency fees or commissions received

Information on the agency fees or commissions payable to the [REDACTED] is set out in the paragraph headed “[REDACTED] — [REDACTED]” of this document.

Save as disclosed herein and in the section headed “Directors and Senior Management” and Appendix I to this document, none of our Directors or experts (as named in the paragraph headed “Consents of experts” in this Appendix) received or will be entitled to receive any commissions, discounts, brokerages or other special terms in connection with the issue of any Share of our Company within two years immediately preceding the date of this document.

5. Related party transactions

Details of the related party transactions are set out in note 22 of Appendix I and the section headed “Financial Information” of this document.

6. Disclaimers

Save as disclosed in this document:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the [REDACTED] and the [REDACTED] will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors or chief executive of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in the paragraph headed “Qualifications of experts” below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or

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disposed of by or leased to any member of our Group nor will any Director apply for [REDACTED] either in his/her own name or in the name of a nominee;

- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and
- (e) none of the experts named in the paragraph headed "Qualifications of experts" below has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTIONS SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

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

(b) Grant and acceptance of options

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

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the

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Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof.

(c) Price of the Shares

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

(d) Maximum number of Shares

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of [REDACTED] Shares in issue as at the [REDACTED], the relevant limit will be [REDACTED] Shares which represent 10% of the issued Shares at the [REDACTED]. Our Company may seek approval by the Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.
- (ii) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to the Shareholders containing a generic description of

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the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iv) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person). Our Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

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(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by our Directors under the following circumstances:

- (i) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for our Company to announce its results for any year, half year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

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(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

In the event of the grantee ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than any of the events specified in this paragraph above or paragraph (i) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors may determine otherwise in which event the grantee or as appropriate, his personal representative(s), may exercise the option (to the extent not already exercised) in whole or in part in accordance within a period of three months following the date of such cessation or termination or, if any of the events referred to in paragraph (l) or (m) occurs during such period, exercise the Option pursuant to paragraph (l) or (m) respectively.

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time cancel any option granted but not exercised.

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Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(aa) the number or nominal amount of the Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(bb) the subscription price; and/or

(cc) the maximum number of Shares referred to in paragraph d(i); and/or

(dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

(1) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

(2) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(3) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

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(4) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(5) to the advantage in any respect of the grantee without specific prior approval of the Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements set out in the above.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company,

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our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in

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accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of an ordinary resolution of our Shareholders in general meeting (with all grantees, prospective grantees and their close associates abstaining from voting and the votes taken by poll):

- (i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participant without the prior approval of the Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the [REDACTED] granting the [REDACTED] of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings in Shares on the GEM; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their

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absolute discretion thereunder and to allot, issue and deal in Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to core connected persons or any of their associates

Each grant of options to any of our Directors, chief executive of our Company or substantial Shareholder or an independent non-executive Director (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of his associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders. Our Company must send a circular to the Shareholders. All the grantee, his associates and all core connected persons must abstain from voting at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates.

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(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (i) or (o) or subparagraph (iv) below, where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of our Group into disrepute);
- (v) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option;
- (vi) the date of the commencement of the winding-up of our Company referred to in paragraph (m);
- (vii) the date on which the grantee commits a breach of paragraph (g); or
- (viii) the date on which the option is cancelled by our Board as set out in paragraph (j).

(v) Termination

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

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(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the [REDACTED] of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the [REDACTED] of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the [REDACTED] and the [REDACTED].

As at the date of this document, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

The Our Board confirms that our Board will not approve the exercise of any option if as a result which our Company will not be able to comply with the [REDACTED] requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of Alpha Direct and Mr. Cheung pursuant to the Deed of Indemnity referred to in the paragraph headed "Summary of material contracts" of this Appendix, has given joint and several indemnities in respect of, among other things, (a) any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by our Company or any members of our Group by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong or any other relevant jurisdiction as a result or in consequence of any event or

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transaction occurring on or before the [REDACTED], whether or not such event or transaction shall have taken place in conjunction with any circumstances whenever occurring; (b) any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the [REDACTED] or any event or transaction entered into or occurring on or before the [REDACTED] whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Directors have been advised that no material liability for estate duty in Hong Kong is likely to fall on our Company or any of its subsidiaries.

2. Litigation

Neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including the [REDACTED] and any Shares which may fall to be allotted and issued pursuant to (a) the [REDACTED]; and (b) the exercise of options which may be granted under the Share Option Scheme, representing 10% of the Shares in issue on the [REDACTED]. The Sole Sponsor will receive a fee of approximately HK\$3.9 million in respect of the [REDACTED], and it is independent pursuant to Rule 6A.07 of the GEM Listing Rules.

4. Compliance Adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Guotai Junan Capital as its Compliance Adviser to provide consultancy services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] and ending on the date on which our Company complies with the GEM Listing Rules in respect of its financial results for the second full financial year ending 31 March 2018.

5. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$44,000 and are payable by our Company.

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6. Promoter

Our Company has no promoter.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this document:

Name	Qualification
Guotai Junan Capital	A licensed corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activity as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Conyers Dill & Pearman	Legal advisers as to Cayman Islands law
Michael Li & Co.	Legal advisers as to Hong Kong law

8. Consents of experts

Each of the Guotai Junan Capital, PricewaterhouseCoopers, Conyers Dill & Pearman and Michael Li & Co. has given and have not withdrawn their respective written consents to the issue of this document with the inclusion of their letters, reports, and/or valuation certificate opinion and/or references to their names (as the case may be) in the form and context in which they respectively appear.

None of the Guotai Junan Capital, PricewaterhouseCoopers, Conyers Dill & Pearman and Michael Li & Co. has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

9. Particulars of the [REDACTED]

[REDACTED]

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[REDACTED]

10. Binding Effect

This document shall have the effect, if application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Taxation of holders of Shares

(a) Hong Kong

(i) Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding HK\$7.5 million shall be a nominal amount of HK\$100. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of shares whose death occurs on or after 11 February 2006.

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(b) Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of Shares other than for companies that hold land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

12. Miscellaneous

(a) Save as disclosed herein:

(i) within the two years immediately preceding the date of this document:

(aa) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages (other than under the [REDACTED]) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(cc) no commission has been paid or payable (except to [REDACTED]) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares.

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(iii) our Directors confirm there has been no material adverse change in the financial position or trading position or prospects of our Group since 31 March 2015.

(iv) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months preceding the date of this document.

(v) no founders shares, management shares or deferred shares in our Company or any of its subsidiaries have been issued or agreed to be issued.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (vi) none of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought.
 - (vii) none of our Directors nor any of the persons whose names are listed in paragraph headed "Qualifications and consents of experts" in this Appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group.
 - (viii) all necessary arrangements have been made to enable the Shares to be admitted into CCASS.
- (b) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by [REDACTED] and a branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

13. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this document shall prevail over the Chinese text.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were (i) the written consents referred to in the section headed "Statutory and general information — Other information — Consents of experts" in Appendix IV to this document; (ii) copies of the material contracts referred to in the section headed "Statutory and general information — B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this document; and (iii) copy of the statement of the name, description and address of the [REDACTED].

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co., at 19th Floor, Prosperity Tower, No. 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

1. the Memorandum and the Articles;
2. the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;
3. the audited combined financial statements of our Group as at and for the two years ended 31 March 2014 and 2015;
4. the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this document;
5. the rules of the Share Option Scheme;
6. the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III to this document;
7. the Companies Law;
8. the material contracts referred to in the paragraph headed "Further information about the business of our Group — Summary of material contracts" in Appendix IV to this document;
9. the written consents referred to in the paragraph headed "E. Other information — Consents of experts" in Appendix IV to this document;
10. the service contracts and letters of appointment referred to in the paragraph headed "C. Further information about Directors, management and Substantial Shareholders — 3. Directors" in Appendix IV to this document; and
11. the statement of the name, description and address of the [REDACTED].