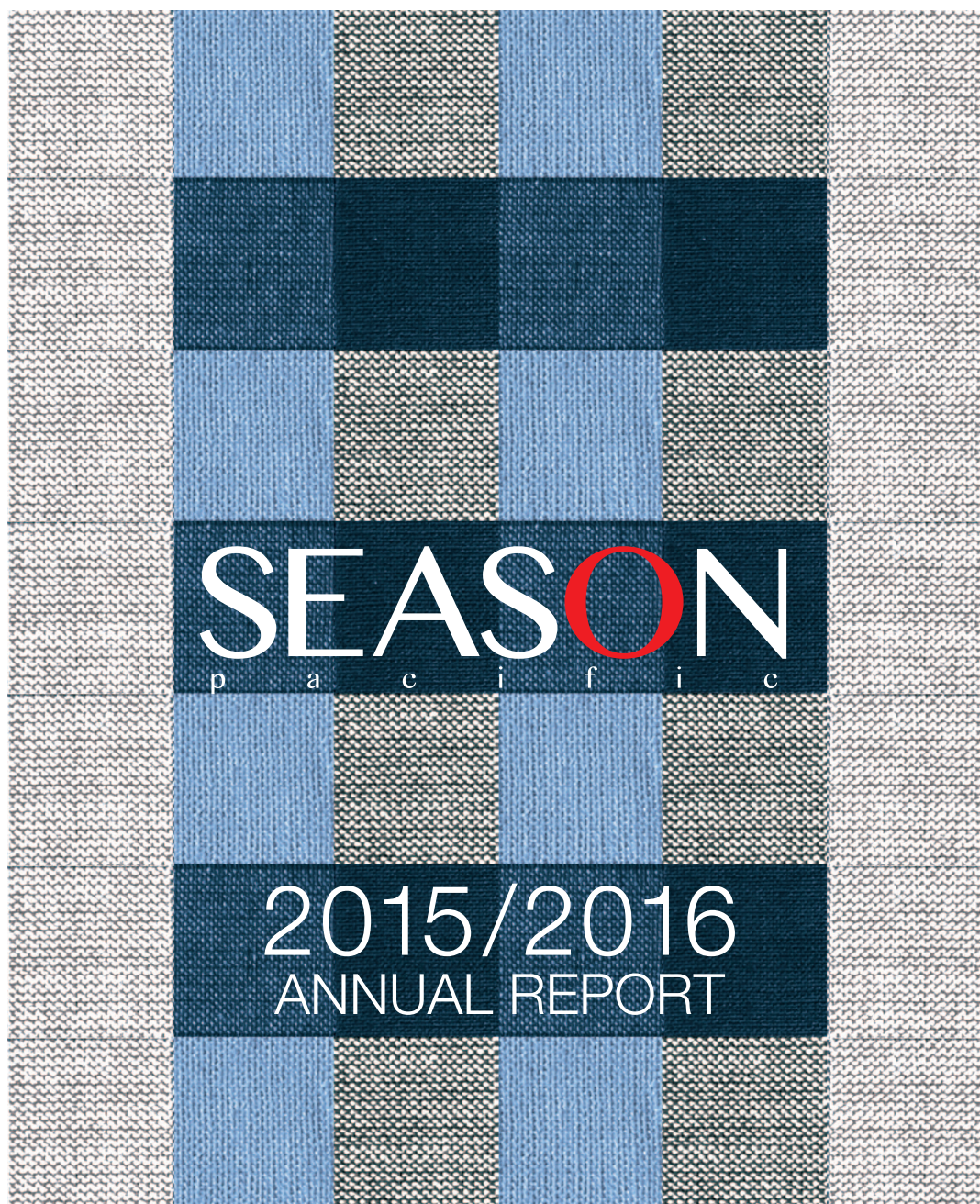


# Season Pacific Holdings Limited

雲裳衣控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8127



\* For identification purpose only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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



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## CORPORATE INFORMATION

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY'S WEBSITE

[www.seasonpacific.com](http://www.seasonpacific.com)

### EXECUTIVE DIRECTORS

Mr. Cheung Lui (*Chairman and chief executive officer*)  
(*appointed on 5 June 2015*)  
Mr. Chak Ka Wai (*appointed on 1 June 2015*)

### NON-EXECUTIVE DIRECTOR

Ms. Chan Hong Nei Connie (*appointed on 1 June 2015*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ka Lok  
Mr. Choi Sheung Jeffrey  
Ms. Luk Yung Yung Claire

*Note: All independent non-executive Directors were appointed on 22 September 2015.*

### COMPANY SECRETARY

Mr. Chak Ka Wai, CPA

### AUTHORISED REPRESENTATIVES

Mr. Cheung Lui  
Mr. Chak Ka Wai

### COMPLIANCE OFFICER

Mr. Cheung Lui

### AUDIT COMMITTEE

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

*Note: All members were appointed upon the establishment of the committee on 22 September 2015.*

### REMUNERATION COMMITTEE

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

*Note: All members were appointed upon the establishment of the committee on 22 September 2015.*

### NOMINATION COMMITTEE

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

*Note: All members were appointed upon the establishment of the committee on 22 September 2015.*

### COMPLIANCE ADVISER

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
31/F, 148 Electric Road  
North Point  
Hong Kong

### PRINCIPAL BANKER

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

### AUDITOR

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

### GEM STOCK CODE

8127

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 (the "Year").

The shares of the Company have been successfully listed on GEM on 7 October 2015 (the "Listing Date"), representing a substantial milestone for the Group. It does not only provide the Company a platform to gain access to one of the world's significant capital markets, but also enhances the Group's reputation and strengthens its corporate governance.

## FINANCIAL PERFORMANCE

Despite the economy slowdown in major parts of the world since late 2015, the Group was still able to achieve a growth in turnover for the Year. The Group placed much effort to explore other markets during the Year to achieve sales growth. A new merchandising team has been set up and a consultancy agreement for provision of consultancy services to the Group in relation to the sales of the Group's products and services has been entered into during the Year to assist the Group's expansion of customer base and development of new customer portfolio. The non-recurring listing expenses incurred during the Year diluted the positive effect of the increase in revenue brought to the Group and resulted a decrease in the net profit attributable to the shareholders of the Company (the "Shareholders") for the Year.

## PROSPECTS

The Group always strives to provide the best supply chain management total solutions to its customers by being flexible and sensitive to the needs of its customers and through its professional and experienced teams, which are dedicated to serve customers with a comprehensive range of quality services.

The Group expects the worldwide business environment will remain challenging in the coming year due to the current gloomy economic outlook. Nevertheless, the Directors are confident that the Group is able to expand the market and types of customers served for its organic growth and to maximise return for the Shareholders, and to become a leading supply chain management company in Hong Kong.

## APPRECIATION

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

**Season Pacific Holdings Limited**  
**Cheung Lui**

*Chairman, Chief Executive Office & Executive Director*

Hong Kong, 15 June 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the year ended 31 March 2016, the Group recorded an increase in revenue of approximately 10.8% as compared with that for the year ended 31 March 2015. The economy slowdown in major parts of the world since late 2015 placed considerable pressure on the Group's sales performance, in particular, customers in European market, the Group's largest sales region during the year ended 31 March 2015, became more price cautious and shifted demands from high-end and complex products to products with less design elements in order to lower the costs. As a result, sales to European market were adversely affected. Nevertheless, the Group continued its key strategic plan by putting more effort to further explore other markets so as to achieve sales growth. Such strategic plan was proven to be successful, as evidenced by the fact that the Group managed to secure new customers with relatively material agreements from American market and commenced sales to Africa during the year ended 31 March 2016. The Group has always been offering satisfactory supply chain management total solutions to retain existing customers, and at the same time the Group has been striving to expand the customer base and develop new customer portfolio, not only exploring new sales region but also offering various types of products/ services to best fit the customers' changing needs.

In prior financial year, the Group relied on Ms. Mang Ngai ("Ms. Mang") to introduce potential customers to the Group, growth potential of which may be limited in the event that Ms. Mang failed to continue to introduce so. During the year ended 31 March 2016, the Group has set up a new merchandising team focusing on sourcing new customers in the American market and entered into a consultancy agreement with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services for a period of five years. Though the Group has tried different means to lessen the reliance on Ms. Mang, the Group's business and financial condition may be adversely affected if both Ms. Mang and the newly hired consultant may not be able to introduce new business opportunities to the Group.

Non-recurring listing expenses of approximately HK\$13.2 million was recognised during the year ended 31 March 2016, which diluted the positive effect of the increase in revenue brought to the Group during the year ended 31 March 2016. As a result, the net profit attributable to the Shareholders decreased by approximately 72.3% for the year ended 31 March 2016 as compared with that for the year ended 31 March 2015.

On 7 October 2015, the shares of the Company (the "Share(s)") have been successfully listed on GEM by placing (the "Placing"). After deducting all the relevant commission and expenses borne by the Company, there are approximately HK\$5.1 million of net proceeds from the Placing. During the period from the Listing Date to 31 March 2016, approximately HK\$1.0 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 September 2015 in relation to the Placing (the "Prospectus"). Further details are set out in the section headed "Use of Proceeds" in this annual report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased to approximately HK\$155.9 million for the year ended 31 March 2016 from approximately HK\$140.7 million for the year ended 31 March 2015, representing an increase of approximately 10.8%. Such an increase in the Group's revenue was mainly attributable to new customers in the American market sourced by the Group during the year ended 31 March 2016, which was negated by the drop in sales to certain major customers in other regions.

### Cost of sales

The Group's cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The cost of sales increased to approximately HK\$115.1 million for the year ended 31 March 2016 from approximately HK\$103.5 million for the year ended 31 March 2015, representing an increase of approximately 11.2%. The Group's cost of sales increased along with the growth in revenue for the year ended 31 March 2016.

### Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$40.9 million for the year ended 31 March 2016 from approximately HK\$37.2 million for the year ended 31 March 2015, representing an increase of approximately 9.9%. The Group's gross profit margin maintained at a steady level of approximately 26.2% for the year ended 31 March 2016 and approximately 26.5% for the year ended 31 March 2015.

### Other income

Other income mainly consists of service fee income. The Group's other income increased to approximately HK\$852,000 for the year ended 31 March 2016 from approximately HK\$146,000 for the year ended 31 March 2015, representing an increase of approximately 483.6%. The increase was mainly attributable to an increase in the Group's service fee income, which was generated from design services provided to more clients during the year ended 31 March 2016.

### Selling expenses

Selling expenses mainly consist of sales commission paid to the external sales representatives and staff costs of in-house staff whose role are mainly focused on sourcing new customers. Selling expenses decreased to approximately HK\$3.1 million for the year ended 31 March 2016 from approximately HK\$3.6 million for the year ended 31 March 2015, representing a decrease of approximately 13.9%. The net decrease in the Group's selling expenses was mainly attributable to the drop in commission rate of one of the external sales representatives, which mitigated the impact of additional staff costs paid to a new merchandising team during the year ended 31 March 2016.

### General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees, listing expenses and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK\$30.9 million for the year ended 31 March 2016 from approximately HK\$15.8 million for the year ended 31 March 2015, representing an increase of approximately 95.6%. Such an increase was mainly attributable to the recognition of non-recurring listing expenses of approximately HK\$13.2 million for the year ended 31 March 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased to approximately HK\$4.1 million for the year ended 31 March 2016 from approximately HK\$14.8 million for the year ended 31 March 2015, representing a decrease of approximately 72.3%. Recognition of the non-recurring listing expenses of approximately HK\$13.2 million during the year ended 31 March 2016 diluted the positive effect of the increase in revenue brought to the Group for the same period, thus a decrease in profit and total comprehensive income attributable to owners of the Company was noted for the year ended 31 March 2016 as compared with that for the year ended 31 March 2015.

### LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2016, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2016 and 2015, the Group had net current assets of approximately HK\$29.5 million and HK\$22.7 million respectively, including cash and bank balances of approximately HK\$29.6 million and HK\$29.4 million respectively. The Group's current ratio increased from approximately 2.0 as at 31 March 2015 to approximately 2.8 as at 31 March 2016. Such an increase was mainly because of the repayment of an amount due to a director during the year ended 31 March 2016.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the period. As at 31 March 2015, the Group's gearing ratio was approximately 0.3 times, while the Group had nil balance of bank borrowings or payables incurred not in the ordinary course of business as at 31 March 2016.

### TREASURY POLICIES

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

### COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises and staff quarter (2015: office premises and warehouse). The Group's operating lease commitments amounted to approximately HK\$7.1 million and HK\$3.5 million as at 31 March 2016 and 2015 respectively. As at 31 March 2016, the Group did not have any significant capital commitments (31 March 2015: nil).

### CAPITAL STRUCTURE

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

### SIGNIFICANT INVESTMENTS

As at 31 March 2016 and 2015, the Group did not hold any significant investments.

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 22 September 2015, the Group completed the Reorganisation, details of which are set out in note 1.2 to the consolidated financial statements in this annual report. Subsequent to the completion of the Reorganisation and up to 31 March 2016, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2016 and 2015.

## FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to HK\$ and Euro dollars ("EUR"). As at 31 March 2016 and 2015, foreign exchange risk on financial assets and liabilities denominated in EUR was insignificant to the Group. Although the Group's revenue and major expenses are mainly in US\$, which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging currently.

## PLEDGE OF ASSETS

As at 31 March 2016, the Group did not pledge any of its assets (31 March 2015: nil) as securities for any facilities granted to the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016 and 2015, the Group employed a total of 32 and 33 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2016 and 2015, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$13.6 million and HK\$11.6 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionary offered to those employees with outstanding performance.

## COMPLIANCE WITH LAWS AND REGULATIONS

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

## ENVIRONMENTAL POLICY

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

## RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS

The Shares have been successfully listed on GEM on 7 October 2015. The actual net proceeds from the Placing, after deducting commission and expenses borne by the Company in connection with the Placing, were approximately HK\$5.1 million (the "Actual Net Proceeds"), which were less than the estimated one stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from 1 October 2015 to 30 June 2018 (the "Period") but with monetary adjustments to each business strategic plan on a pro rata basis. As the Placing completed after 30 September 2015, the estimated use of proceeds for the period ended 30 September 2015 as stated in the Prospectus would be foregone. Table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the six months ended 31 March 2016.

Business strategies as set out in the Prospectus	Adjusted	Actual use of
	allocation of the Actual Net Proceeds For the six months ended 31 March 2016	the Actual Net Proceeds
	HK\$'000	HK\$'000
Expand the geographical coverage of the Group's customers (Note 1)	315	315
Expand the geographical base of the Group's third-party manufacturers	145	70
Further develop the Group's design and development capabilities	225	225
Expand the Group's product types to further cater to customers' needs	172	172
General working capital	Note 2	221
<b>Total</b>	<b>857</b>	<b>1,003</b>

Notes:

1. The Actual Net Proceeds would only be utilised for, among others, salary of the team head for the new merchandising team subsequent to the Placing.
2. There is approximately HK\$330,000 for the Period.

### FUTURE PROSPECTS

The Shares were successfully listed on GEM on 7 October 2015. The Board considers that such public listing status on the Stock Exchange allows the Company to access to the capital market for corporate finance exercise which assists the Company in the future business development, enhances the Group's corporate profile and recognition and strengthens the Group's competitiveness.

The Group always strives to remain flexible and sensitive to the increasing and changing needs of the customers and to create the best tailor-made design and product for them at a competitive price. Apart from setting up new merchandising teams and strengthening the design team with the net proceeds from the Placing as stated in the Prospectus, the Company has entered into a consultancy agreement with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services for a period of five years. The Group expects such consultant, which has extensive network and immense experience in apparel industry worldwide, will introduce the Group new customers and business opportunities with the aim to further broaden the Group's customer base for continuous growth, if and when opportunity arises and with profound knowledge in the industry, will advise the Group appropriate strategies with respect to marketing and promotion of products of the Group on a global scale. The Directors are confident that the Group is able to expand the markets and types of customers served and to become a leading supply chain management company in Hong Kong.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Cheung Lui (張雷)** (“Mr. Cheung”), aged 44, founded the Group in February 2013. He was appointed as the Company’s chairman, chief executive officer and re-designated as an executive Director on 5 June 2015 and is primarily responsible for the overall corporate strategies and management of the Group. Mr. Cheung graduated from The University of Hong Kong with a bachelor’s degree in economics in November 1995. Mr. Cheung spent approximately 10 years in the banking sector and over 10 years in the garment industry where he gained extensive experience in management skills and knowledge of garment business.

In August 1995, he joined The Hongkong and Shanghai Banking Corporation Limited as a resident officer trainee for a three-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.

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 the acquisition of the business of HTP Sourcing Limited in June 2010 by a sourcing group in Hong Kong (the “Sourcing Group”) which is principally engaged in trading, logistic and distribution of consumer products, Mr. Cheung was transferred to a subsidiary of the Sourcing Group serving as divisional merchandise manager until June 2013 before joining the Group.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Chak Ka Wai (翟家偉)** (“Mr. Chak”), aged 44, was appointed as an executive Director on 1 June 2015. He joined the Group in June 2013 as financial controller and was promoted to chief financial officer on 1 August 2015. He is primarily responsible for the overall financial accounting and reporting, corporate finance and company secretarial matters of the Group. Mr. Chak obtained a bachelor’s degree in finance from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in December 1994. He was subsequently awarded a postgraduate diploma in professional accounting and a master’s degree in professional accounting and information systems in November 1998 and November 2005 respectively. In July 2003, he became a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chak continued to pursue education by completing various short-term courses, including “中國最新涉外稅法與實務” in March 2006, “中國財務會計核算制度與操作實務” in July 2006, and “中國最新勞工法例與人力資源管理” in July 2013 from the School of Professional Education and Executive Development of The Hong Kong Polytechnic University and a continuing education diploma in advanced taxation and tax planning a course offered by the School of Continuing and Professional Education, the City University of Hong Kong in collaboration with The Taxation Institute of Hong Kong in August 2008. Mr. Chak has over 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 the MIS Department, responsible for sales reporting until he left in May 1997. He then joined the finance department of Mattel Asia Pacific Sourcing Limited in May 1997 as assistant management accountant and was subsequently promoted to accountant in October 2000 until he left in March 2001. From March 2001, Mr. Chak worked for J. V. Fitness Limited initially as assistant accountant and was promoted to accountant in March 2003 and then to financial analyst in January 2005 for the regions, including Hong Kong, Taiwan, Singapore and Malaysia until October 2006. Since then, Mr. Chak worked for several garment-related companies, including HTP Sourcing Limited as senior accountant from October 2006 to September 2007 and Burberry Asia Limited as assistant accounting manager from September 2007 to February 2008. Immediately before joining the Group in June 2013, Mr. Chak worked for Z Brand International Limited as finance manager from February 2008 and was promoted to financial controller in June 2009. His employment was transferred to the Sourcing Group Subsidiary, in July 2010 as manager (operations).

### NON-EXECUTIVE DIRECTOR

**Ms. Chan Hong Nei Connie (陳康妮)** (“Ms. Chan”), aged 34, was appointed as a non-executive Director on 1 June 2015. Ms. Chan obtained a bachelor’s degree in accountancy from The City University of Hong Kong in November 2005. Ms. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since September 2010. Ms. Chan has approximately 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.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Ng Ka Lok (吳家樂)** (“Mr. Ng”), aged 41, was appointed as an independent non-executive Director on 22 September 2015. Mr. Ng received tertiary education in Australia where he obtained a master’s degree in finance from Curtin University of Technology in September 2006 and a master’s degree in business administration from the University of Adelaide in July 2007. He is a practising member of the Hong Kong Institute of Certified Public Accountants and has been a certified practising accountant of CPA Australia since July 2005. He has also been a member of The Society of Chinese Accountants and Auditors since June 2014. He has over 18 years of auditing and accounting experience. From October 1996 to October 1999, Mr. Ng worked at K.L. Lee and Partners CPA Limited as auditor, responsible for performing audit, taxation, accounting and advisory services. From September 2000 to November 2002, he worked as chief accountant at Town Sky International Ltd., responsible for coordinating an accounting team located in the PRC and Hong Kong as well as performing accounting duties. Between December 2004 and January 2006, he also worked at the Financial Management Branch of The Treasury of the Government of the HKSAR as an accounting assistant. In February 2006, Mr. Ng joined ANDA CPA Limited (currently known as ZHONGHUI ANDA CPA Limited) as manager and was promoted to a partner of the Audit, Assurance and Risk Advisory division in March 2011.

**Mr. Choi Sheung Jeffrey (蔡湘)** (“Mr. Choi”), aged 45, was appointed as an independent non-executive Director on 22 September 2015. Mr. Choi obtained a bachelor’s degree in business administration from the National University of Singapore in June 1993. He was qualified as a chartered financial analyst with the Association for Investment Management and Research in September 2002. In December 2005, he further attained a master’s degree in business administration from The Chinese University of Hong Kong. Mr. Choi has approximately 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 centre for the region. From August 2003 to March 2004, Mr. Choi worked at Borland Singapore Pte Limited as finance director of Asia Pacific. His employment was transferred to the Hong Kong office under Borland (Hong Kong) Ltd. in April 2004 until he left the company in April 2006. From May 2006 to October 2006, he worked at NVIDIA (Singapore) Limited as business operation director of Asia Pacific, responsible for leading sales administration teams in Greater China and Korea as well as enhancing operational efficiency of the teams, resource management, forecasting, order status tracking and expediting, resolution of invoicing disputes and sales reporting. From October 2006 to December 2007, he worked at Experian (Hong Kong) Limited as regional head of finance of Asia Pacific, responsible for meeting business targets, reviewing and presenting investment opportunities to the investment committee and the board of directors, deal structuring and execution of mergers and acquisitions (“M&As”) opportunities and post-acquisition integration. Since April 2008, Mr. Choi has been the chief financial officer of Sinogold Holdings Limited, responsible for all accounting, finance, treasury, tax and M&As related matters.

**Ms. Luk Yung Yung Claire (陸蓉蓉)** (“Ms. Luk”), aged 38, was appointed as an independent non-executive Director on 22 September 2015. She obtained a bachelor’s degree in fine arts from the Hong Kong Academy for Performing Arts in July 2003 and a master’s degree of business in marketing from the University of Technology, Sydney, Australia in March 2010. Ms. Luk has over 10 years of experience in corporate communications and marketing. She worked as head of communications, Asia at Aedas Limited between March 2010 and December 2010. From November 2006 to May 2008 she worked as a wardrobe manager at the Ocean Park, one of the largest theme parks in Hong Kong where she was responsible for sections strategic plannings, administration and management of all wardrobe staff. In addition, Ms. Luk also gained experiences in marketing, business development and investor relation activities in previous engagements. She joined Roma Group Limited (stock code: 8072) as a senior consultant in December 2008 and became marketing director of the group in February 2011. In November 2014, Ms. Luk founded STAGE Group Limited, a company specialising in marketing consultancy.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Ms. Mang Ngai (孟毅)**, aged 53, 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 Sales Representative A. 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. In July 2013, she started to provide consultancy services to the Group until 10 April 2015. Subsequently, Ms. Mang joined the Group in June 2015 as chief operating officer and is primarily responsible for the sales and marketing activities of the Group and continue to be responsible for offering advice on industry trends and assisting the Group in expanding its customer base.

**Mr. David Reali** (“Mr. Reali”), aged 45, joined the Group in June 2014 as chief designer. He obtained a diploma in art from Leon Battista Alberti, an art school in Florence, Italy in July 2002. Mr. Reali started working as a teen and has over 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.

**Ms. Lam Lai Mui (林麗妹)** (“Ms. Lam”), aged 48, joined the Group in June 2013 as logistics manager and is primarily responsible for overseeing the logistics of all customer orders such as monitoring customer payment schedules, preparing packing lists and 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. Ho Mei Yee (何美儀)** (“Ms. Ho”), aged 46, joined the Group in June 2013 as merchandise manager and was transferred to product development manager in April 2014, primarily responsible for handling matters in respect of European and US labels. She was awarded a higher certificate in apparel merchandising in November 1994 by the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University). Ms. Ho has over 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, where she was merchandise manager between July 2010 and June 2013.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules ("CG Code"). The Shares were listed on GEM on 7 October 2015. Upon Listing, the Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the period from the Listing Date to 31 March 2016, the Company has complied with all the code provisions as set out in the CG Code except the deviation from the paragraph A.2.1 of the CG Code, details of which are set out in the section headed "Chairman and Chief Executive Officer" in this corporate governance report.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the period from the Listing Date to 31 March 2016.

## BOARD OF DIRECTORS

Currently, the Board comprises:

### Executive Directors

Mr. Cheung Lui (*Chairman and chief executive officer*)  
(appointed on 5 June 2015)  
Mr. Chak Ka Wai (appointed on 1 June 2015)

### Non-executive Director

Ms. Chan Hong Nei Connie (appointed on 1 June 2015)

### Independent non-executive Directors

Mr. Ng Ka Lok (appointed on 22 September 2015)  
Mr. Choi Sheung Jeffrey (appointed on 22 September 2015)  
Ms. Luk Yung Yung Claire (appointed on 22 September 2015)

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

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

## CORPORATE GOVERNANCE REPORT

During the period from the Listing Date to 31 March 2016, a total of four Board meetings were held. The attendance records of each Director in relation to the Board meetings are set out in the table below:

<b>Name of Directors</b>	<b>Board meeting attended/eligible to attend</b>	<b>General meeting attended/eligible to attend</b>
Mr. Cheung Lui	4/4	N/A
Mr. Chak Ka Wai	4/4	N/A
Ms. Chan Hong Nei Connie	4/4	N/A
Mr. Ng Ka Lok	4/4	N/A
Mr. Choi Sheung Jeffrey	4/4	N/A
Ms. Luk Yung Yung Claire	4/4	N/A

### RESPONSIBILITIES OF THE BOARD

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

Throughout the period from the Listing Date to 31 March 2016, the Company had a minimum of three independent non-executive Directors and at all times met the requirements of the GEM Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members and at least one of the independent non-executive Directors had appropriate professional qualifications or accounting or related financial management expertise.

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

### CORPORATE GOVERNANCE FUNCTIONS

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

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

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



## CORPORATE GOVERNANCE REPORT

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

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

### PROFESSIONAL DEVELOPMENT

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

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

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE

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

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

The Audit Committee currently consists of three members, namely Mr. Ng Ka Lok (chairman of the Audit Committee), Mr. Choi Sheung Jeffrey and Ms. Luk Yung Yung Claire, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this annual report, including the audited consolidated results of the Group for the year ended 31 March 2016.

According to the current terms of reference, the Audit Committee shall meet at least four times for a financial year. Three meetings were held by the Audit Committee during the period from the Listing Date to 31 March 2016 and during the meetings, the Audit Committee reviewed the unaudited interim and third quarterly results of the Group and recommended to the Board for the revised terms of references of the Audit Committee. The record of attendance of each member of the Audit Committee is set out as follows:

<b>Name of members of the Audit Committee</b>	<b>Meeting attended/ eligible to attend</b>
Mr. Ng Ka Lok ( <i>Chairman</i> )	3/3
Mr. Choi Sheung Jeffrey	3/3
Ms. Luk Yung Yung Claire	3/3

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 22 September 2015 and currently consist of five members, namely Ms. Luk Yung Yung Claire (Chairlady of the Remuneration Committee), Mr. Choi Sheung Jeffrey, Mr. Ng Ka Lok, all being independent non-executive Directors, Mr. Cheung Lui, being an executive Director and Ms. Chan Hong Nei Connie, being a non-executive Director. The terms of reference of the Remuneration Committee are available at the websites of the Stock Exchange and the Company.

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

No meeting was held by the Remuneration Committee during the period from the Listing Date to 31 March 2016.

Details of emoluments of the Directors and senior management of the Group for the Year are set out in note 7 to the consolidated financial statements in this annual report.

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established on 22 September 2015 and consists of five members who are Mr. Choi Sheung Jeffrey (the Chairman of the Nomination Committee), Mr. Ng Ka Lok, Ms. Luk Yung Yung Claire, all being independent non-executive Directors, Mr. Cheung Lui, being an executive Director and Ms. Chan Hong Nei Connie, being a non-executive Director. The terms of reference of the Nomination Committee are available at the websites of the Stock Exchange and the Company.

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

No meeting was held by the Nomination Committee during the period from the Listing Date to 31 March 2016.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

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

### Risk Management and Internal Control

The Board is responsible for the Company’s risk management and internal control systems and for overseeing and reviewing the effectiveness of the Company’s risk management and internal control systems. The Board with the assistance of the Audit Committee has conducted a review of, and the Board is satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group for the period from the Listing Date to 31 March 2016.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group’s internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objectives. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Company does not have in place an independent internal audit function as the Board is of the view that the appointment is not imminent under current circumstances, taking into account the current structure and scope of the Group’s operations.

For the period from the Listing Date to 31 March 2016, the independent non-executive Directors have reviewed the enforcement of (i) the non-competition undertaking of Ms. Mang and Wise Manner Limited (“Wise Manner”), which is wholly-owned by Ms. Mang; and (ii) the controlling Shareholders’ undertaking in relation to the deed of non-competition in favour of the Company, details of which are set out in the Prospectus, and confirmed that there are no other matters in relation to the aforesaid undertakings which should be brought to the attention of the Shareholders and the potential investors.

## CORPORATE GOVERNANCE REPORT

### AUDITOR'S REMUNERATION

During the Year, the fees paid/payable to the Company's auditor is set out as follows:

<b>Services rendered</b>	<b>Fee paid/payable</b> (HK\$'000)
Audit services	1,080
Non-audit services	–
	1,080

### COMPANY SECRETARY

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

### SHAREHOLDERS' RIGHTS

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

### RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

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



## CORPORATE GOVERNANCE REPORT

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

### **RIGHT TO SEND ENQUIRIES TO THE BOARD**

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

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

Pursuant to Article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the head office or the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules.

### **INVESTOR RELATIONS**

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

Since the Listing Date and up to 31 March 2016, there had been no significant change in the Company's constitutional documents.

# REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 19 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the Year.

## RESULTS AND APPROPRIATIONS

The Group's results for the year ended and financial position as at 31 March 2016 are set out in the Group's consolidated financial statements on pages 28 to 29 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016. 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. Such dividends were fully paid on 31 August 2015.

## BUSINESS REVIEW

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

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

## FINANCIAL HIGHLIGHTS

Financial highlights of the Group are set out on page 64 of this annual report.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 17 to the consolidated financial statements of the Group.

## PRE-EMPTIVE RIGHTS

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

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

During the period from the Listing Date to 31 March 2016, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

# REPORT OF THE DIRECTORS

## EQUITY LINKED AGREEMENT

No equity-linked agreement was entered into by the Group; or existed during the Year.

## RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 24 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 30 of this annual report respectively.

## DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$15.3 million. Such amount represented the merger and other reserves after setting off accumulated loss of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## MAJOR CLIENTS AND SUPPLIERS

During the Year, the Group's largest and five largest customers represented approximately 27% and 77% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 13% and 45% of the Group's total purchases respectively.

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

## DIRECTORS

The Directors during the Year and up to the date of this annual report were as follows:

### Executive Directors

Mr. Cheung Lui (*Chairman and chief executive officer*)  
Mr. Chak Ka Wai

### Non-executive Director

Ms. Chan Hong Nei Connie

### Independent non-executive Directors

Mr. Ng Ka Lok  
Mr. Choi Sheung Jeffrey  
Ms. Luk Yung Yung Claire

Pursuant to Article 83(3) of the Articles, all the Directors will retire from office at the Company's forthcoming annual general meeting (the "AGM"). All the retiring Directors, being eligible, have offered themselves for re-election thereat.

# REPORT OF THE DIRECTORS

## BIOGRAPHIES OF DIRECTORS

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

## DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service with the Company. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the executive Directors giving to the other not less than three months’ prior notice in writing.

The non-executive Director has entered into a letter of appointment with the Company on 16 June 2015 for an initial term of three years commencing from 1 June 2015, and each of the independent non-executive Directors has entered into a letter of appointment with the Company on 22 September 2015 for an initial term of three years commencing from the Listing Date, all of which shall continue thereafter unless terminated by either party giving at least one month’s notice in writing.

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

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

## REMUNERATION OF THE DIRECTORS

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

## EMOLUMENT POLICY

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

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



## REPORT OF THE DIRECTORS

### ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period from the Listing Date to 31 March 2016 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, are as follows:

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

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

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## REPORT OF THE DIRECTORS

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Alpha Direct	Beneficial owner	554,500,000	55.45%
Ms. Ngan Shui Ling Crystal	Interest of spouse (Note 1)	554,500,000	55.45%
Success Time Holdings Limited ("Success Time")	Beneficial owner	87,500,000	8.75%
Mr. Yip	Interest in controlled corporation (Note 2)	87,500,000	8.75%
Ms. Chang Mei Nai Vinnie	Interest of spouse (Note 2)	87,500,000	8.75%
Wise Manner	Beneficial owner	68,000,000	6.8%
Ms. Mang	Interest in controlled corporation (Note 3)	68,000,000	6.8%

Notes:

- Alpha Direct is wholly-owned by Mr. Cheung. Ms. Ngan Shui Ling Crystal ("Mrs. Cheung"), being the spouse of Mr. Cheung, is deemed to be interested in all the Shares that Mr. Cheung is interested in. Accordingly, Mrs. Cheung is deemed to be interested in the 554,500,000 Shares held by Alpha Direct under the SFO.
- 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 87,500,000 Shares held by Success Time under the SFO.
- Wise Manner is wholly-owned by Ms. Mang. Accordingly, Ms. Mang is deemed to be interested in the 68,000,000 Shares held by Wise Manner under the SFO.

Save as disclosed above, as at 31 March 2016, the Directors are not aware of any interests and short positions owned by any parties (other than a Director or chief executive of the Company) in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### SHARE OPTION SCHEME

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

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the Year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this annual report, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

## REPORT OF THE DIRECTORS

### NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking of Ms. Mang and Wise Manner, details of which were set out in the Prospectus has been fully complied and enforced since the Listing Date and up to 31 March 2016. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors.

### PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the period from the Listing Date to 31 March 2016. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

### INTERESTS OF THE COMPLIANCE ADVISER

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

### RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 22 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the GEM Listing Rules during the Year.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the GEM Listing Rules) during the period from the Listing Date to 31 March 2016 and thereafter up to the date of this annual report.

### TAX RELIEF

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

### AUDITOR

PricewaterhouseCoopers was appointed by the Directors as the first auditor of the Company. The Group’s consolidated financial statements for the year ended 31 March 2016 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire, and being eligible, offer themselves for re-appointment at the AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

By Order of the Board

**Cheung Lui**

*Chairman, Chief Executive Office & Executive Director*

Hong Kong, 15 June 2016

# INDEPENDENT AUDITOR'S REPORT



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

雲裳衣控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

羅兵咸永道

We have audited the consolidated financial statements of Season Pacific Holdings Limited (the "Company") and its subsidiaries set out on pages 28 to 63, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888*



## INDEPENDENT AUDITOR'S REPORT

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 15 June 2016

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	NOTES	For the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Revenue	5	<b>155,933</b>	140,739
Cost of sales	6	<b>(115,070)</b>	(103,512)
Gross profit		<b>40,863</b>	37,227
Other income	5	<b>852</b>	146
Selling expenses	6	<b>(3,094)</b>	(3,557)
General and administrative expenses	6	<b>(30,900)</b>	(15,805)
Operating profit		<b>7,721</b>	18,011
Finance expenses	8	–	(6)
Profit before income tax		<b>7,721</b>	18,005
Income tax expense	9	<b>(3,582)</b>	(3,225)
Profit and total comprehensive income for the year attributable to owners of the Company		<b>4,139</b>	14,780
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	11	<b>0.45</b>	2.20

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

		As at 31 March	
	NOTES	2016 HK\$'000	2015 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	954	1,418
Deferred income tax asset	13	262	164
Prepayments and deposits	15	5,784	–
		<b>7,000</b>	1,582
<b>Current assets</b>			
Trade and bills receivables, prepayments and deposits	15	15,884	15,745
Cash and cash equivalents	16	29,560	29,366
		<b>45,444</b>	45,111
<b>Total assets</b>		<b>52,444</b>	46,693
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	10,000	–
Other reserves		9,820	10
Retained earnings		16,409	24,270
<b>Total equity</b>		<b>36,229</b>	24,280
<b>Non-current liability</b>			
Provision for reinstatement cost	18	250	–
<b>Current liabilities</b>			
Trade, bills and other payables	18	14,806	10,186
Amount due to a director	22	–	6,928
Current income tax liabilities		1,159	5,299
		<b>15,965</b>	22,413
<b>Total liabilities</b>		<b>16,215</b>	22,413
<b>Total equity and liabilities</b>		<b>52,444</b>	46,693

The consolidated financial statements on pages 28 to 63 were approved by the Board of Director on 15 June 2016 and were signed on its behalf.

**Cheung Lui**  
Director

**Chak Ka Wai**  
Director

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve (Note) HK\$'000	Retained earnings HK\$'000	
Balance at 1 April 2014	–	–	10	9,490	9,500
<b>Total comprehensive income</b>					
Profit for the year ended 31 March 2015	–	–	–	14,780	14,780
Balance at 31 March 2015 and 1 April 2015	–	–	<b>10</b>	<b>24,270</b>	<b>24,280</b>
<b>Total comprehensive income</b>					
Profit for the year ended 31 March 2016	–	–	–	<b>4,139</b>	<b>4,139</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends (Note 10)	–	–	–	<b>(12,000)</b>	<b>(12,000)</b>
Shares issued upon capitalisation (Note 17)	<b>8,500</b>	<b>(8,500)</b>	–	–	–
Shares issued for placing (Note 17)	<b>1,500</b>	<b>21,000</b>	–	–	<b>22,500</b>
Listing expenses charged to share premium (Note 17)	–	<b>(2,690)</b>	–	–	<b>(2,690)</b>
Total transactions with owners in their capacity of owners	<b>10,000</b>	<b>9,810</b>	–	<b>(12,000)</b>	<b>7,810</b>
Balance at 31 March 2016	<b>10,000</b>	<b>9,810</b>	<b>10</b>	<b>16,409</b>	<b>36,229</b>

Note: Capital reserve of HK\$10,000 represented the difference between the combined capital of group subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof, please refer to note 1.2.

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	NOTES	For the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		7,721	18,005
Adjustments for:			
Finance expenses	8	–	6
Depreciation of property, plant and equipment	12	1,297	1,197
Reversal of provision for impairment of trade receivables	15	(58)	(39)
Gain on disposal of a subsidiary	20	–	(13)
Operating profits before working capital changes		8,960	19,156
Changes in working capital:			
Trade and bills receivables, prepayments and deposits		(6,149)	20,850
Trade, bills and other payables		4,870	(11,581)
Cash generated from operating activities		7,681	28,425
Income tax paid		(7,820)	–
Net cash (used in)/generated from operating activities		(139)	28,425
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	12	(833)	(94)
Proceeds from disposal of a subsidiary	20	–	10
Net cash used in investing activities		(833)	(84)
<b>Cash flows from financing activities</b>			
Net decrease in short-term bank borrowing		–	(320)
Proceeds from issuance of shares for placing		22,500	–
Decrease in amount due to a director		(6,928)	(5,368)
Payment of listing expenses (equity portion)		(2,406)	(284)
Interest paid		–	(6)
Dividend paid		(12,000)	–
Net cash generated from/(used in) financing activities		1,166	(5,978)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		29,366	7,003
Cash and cash equivalents at end of year	16	29,560	29,366

## Non-cash transactions

For the year ended 31 March 2016, the principal non-cash transactions was the prepaid incentive fee of HK\$4,954,000 and the incentive fee payable of HK\$5,000,000. For the year ended 31 March 2015, there was no significant non-cash transaction.

The notes on pages 32 to 63 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND REORGANISATION

### 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 has established a place of business in Hong Kong at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong.

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

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

These financial statements are 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 Business was carried out by companies now comprising the Group (collectively the "Subsidiaries"). The Subsidiaries were collectively controlled by Mr. Cheung Lui ("Mr. Cheung") immediate before and after the group reorganisation prior to the Listing (the "Reorganisation").

Pursuant to the Reorganisation, the Company acquired the shareholding interests in the 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 Chung 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 US\$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 to 77% by Mr. Cheung, 15% by Mr. Yip and 8% by Ms. Mang.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND REORGANISATION (Continued)

### 1.2 Reorganisation (Continued)

- (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.
- (vii) On 17 September 2015, 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) On 22 September 2015, 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 22 September 2015, 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.

On 7 October 2015, the Shares have been listed on GEM by way of placing. Upon Listing, 150,000,000 new Shares at par value of HK\$0.01 each were allotted and issued at a price of HK\$0.15 per Share.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The consolidated financial statements of Season Pacific Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

- (a) The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2015:

HKAS 19 (Amendment)	Defined benefit plans: Employee contributions
Annual Improvement Project	Annual improvements to HKFRS 2010–2012 cycle
Annual Improvement Project	Annual improvements to HKFRS 2011–2013 cycle

- (b) The following new, revised and amended standards have been issued but are not yet effective and have not been early adopted:

HKAS 1 (Amendment)	Disclosure initiative <sup>1</sup>
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants <sup>1</sup>
HKAS 27 (Amendment)	Equity method in separate financial statements <sup>1</sup>
HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception <sup>1</sup>
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations <sup>1</sup>
HKFRS 14	Regulatory deferral accounts <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Annual Improvement Project	Annual improvements 2012–2014 cycle <sup>1</sup>

Notes:

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Management is in the process of making an assessment on the impact of these standards and amendments 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.

(c) **New Hong Kong Companies Ordinance (Cap. 622)**

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 1.2, 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 make strategic decisions.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Group is US\$. The consolidated financial statements are 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 consolidated statement of comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Foreign currency translation (Continued)

#### (c) Group companies

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

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

### 2.5 Property, plant and equipment

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, deposits and cash and cash equivalents in the consolidated 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 a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Impairment of financial assets (Continued)

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

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

### 2.9 Trade and bills receivables

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

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

### 2.10 Cash and cash equivalents

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

### 2.11 Share capital

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

### 2.12 Trade, bills and other payables

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.13 Current and deferred income tax

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

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

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

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

### 2.14 Employee benefits

#### (a) Pension obligations

The Group joined a Mandatory Provident Fund Scheme ("MPF Scheme"), a defined contribution plan, for all employees in Hong Kong. Under the defined contribution plan, the Group pays fixed contributions to a privately administered pension insurance plan on a mandatory and contractual basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

#### (b) Employee leave entitlements

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.14 Employee benefits (Continued)

#### (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.

### 2.15 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.

### 2.16 Revenue and other income recognition

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.16 Revenue and other income recognition (Continued)

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.

### 2.17 Operating leases (as lessee)

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

### 2.18 Dividend distribution

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

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

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

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

(a) **Market risk**

(i) *Foreign exchange risk*

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

As HK\$ is pegged to US\$, foreign exchange exposure is considered as minimal. The Group currently does not undertake any foreign currency hedging.

As at 31 March 2016 and 2015, foreign exchange risks on financial assets and liabilities denominated in EUR was insignificant to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (ii) Cash flow interest rate risk

The Group's interest risk arises from bank deposits as at 31 March 2016 and 2015 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 the year ended 31 March 2016 and 2015.

#### (b) Credit risk

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group also enters into credit insurance policy for certain trade receivables to mitigate the credit risk. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

#### (c) Liquidity risk

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Liquidity risk (Continued)

	On demand HK\$'000	Less than 3 months HK\$'000	Total HK\$'000
<b>As at 31 March 2016</b>			
Trade, bills and other payables	–	<b>12,435</b>	<b>12,435</b>
<b>As at 31 March 2015</b>			
Trade, bills and other payables	–	8,283	8,283
Amount due to a director	6,928	–	6,928
	6,928	8,283	15,211

### 3.2 Capital risk management

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

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

The Group maintained a net cash position as at 31 March 2016 and 2015.

### 3.3 Fair value estimation

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

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (a) Impairment of trade and bills receivables

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

#### (b) Income taxes

The Group is subject to income tax 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 makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources.

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

Analysis of revenue and other income is as follows:

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>		
Sales of goods	155,933	140,739
<b>Other income</b>		
Service fee income	852	133
Gain from disposal of a subsidiary (Note 20)	—	13
	852	146
Total revenue and other income	156,785	140,885



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 SEGMENT INFORMATION (Continued)

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Middle East	51,857	54,482
America	48,491	7,988
Europe	46,333	64,514
Asia Pacific	7,402	13,755
Africa	1,850	–
	<b>155,933</b>	140,739

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

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Customer A	42,783	50,259
Customer B	27,151	–
Customer C and D (Note)	21,936	36,274
Customer E	1,825	16,534

Note: Both customer C and customer D 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 EXPENSES BY NATURE

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Cost of goods sold	<b>105,957</b>	95,504
Sales commission		
— to a related company (Note 22(b))	<b>670</b>	2,310
— to third parties	<b>879</b>	1,003
Depreciation of property, plant and equipment (Note 12)	<b>1,297</b>	1,197
Reversal of provision for impairment of trade receivables (Note 15)	<b>(58)</b>	(39)
Operating lease rentals in respect of		
— office	<b>3,133</b>	2,733
— staff quarter	<b>758</b>	730
— warehouse	—	218
— car park	<b>205</b>	193
Auditors' remuneration		
— Audit services	<b>1,080</b>	300
— Non-audit services	—	—
Design fee	<b>1,887</b>	—
Employee benefit expenses (Note 7)	<b>13,628</b>	11,620
Entertainment and travelling expenses	<b>1,831</b>	1,631
Listing expenses	<b>13,166</b>	1,542
Other expenses	<b>4,631</b>	3,932
Total cost of sales, selling expenses and general and administrative expenses	<b>149,064</b>	122,874

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Salaries, bonus and other short-term employee benefits	13,064	11,170
Provision for unutilised annual leave	117	63
Pension costs — defined contribution plans	447	387
	<b>13,628</b>	11,620

Notes:

(a) Directors' and chief executive's emoluments

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

**Emoluments paid or receivable in respect of a person's services as a director,  
whether of the Company or its subsidiary undertakings**

	Fee HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2016</b>						
<b>Executive directors</b>						
Mr. Cheung, Chief Executive Officer (note (i))	60	700	—	329	21	1,110
Mr. Chak Ka Wai, Chief Financial officer (note (i))	60	713	—	—	21	794
<b>Chief executive</b>						
Ms. Mang, Chief Operating Officer (note (ii))	—	659	—	400	15	1,074
<b>Non-executive director</b>						
Ms. Chan Hong Nei, Connie	200	—	—	—	—	200
<b>Independent non-executive directors</b>						
Mr. Choi Sheung, Jeffrey (note (iii))	60	—	—	—	—	60
Mr. Ng Ka Lok (note (iii))	60	—	—	—	—	60
Ms. Luk Yung Yung, Clare (note (iii))	60	—	—	—	—	60
	<b>500</b>	<b>2,072</b>	<b>—</b>	<b>729</b>	<b>57</b>	<b>3,358</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes: (Continued)

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

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

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					Total HK\$'000
	Fee HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
<b>For the year ended 31 March 2015</b>						
<b>Executive directors</b>						
Mr. Cheung, Chief Executive Officer (note (i))	–	671	–	333	18	1,022
Mr. Chak Ka Wai, Financial Controller (note (i))	–	561	–	–	18	579
<b>Non-executive director</b>						
Ms. Chan Hong Nei, Connie	–	–	–	–	–	–
	–	1,232	–	333	36	1,601

Notes:

- (i) The remuneration shown above included remuneration received from the Group by the directors in their capacity as employees of the Subsidiaries during the year ended 31 March 2016 and 2015.
- (ii) Ms. Mang was appointed as chief operating officer of the Company on 1 June 2015.
- (iii) Mr. Ng Ka Lok, Mr. Choi Sheung Jeffrey and Ms. Luk Yung Yung Claire were appointed as the Company's independent non-executive directors on 22 September 2015 with an effective date equivalent to the Listing Date of the Company.
- (b) Directors' retirement benefits
- There were no retirement benefits paid to directors during the year ended 31 March 2016 (2015: Nil) by a defined benefit pension plan operated by the Group in respect of the services as a director of the Company and its subsidiaries.
- (c) Directors' termination benefits
- During the year ended 31 March 2016, there was no board resolution to early terminate of the directors' appointment in office (2015: Nil).
- (d) Consideration provided to third parties for making available directors' services
- No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2016 (2015: Nil).
- (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors
- During the year ended 31 March 2016, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2015: Nil).
- (f) Directors' material interests in transactions, arrangements or contracts
- No significant transactions, arrangements and contracts in relation to Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes: (Continued)

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2015: 2) directors whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 3 (2015: 3) individuals during the year are as follows:

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,052	1,847
Bonus	400	–
Provision for unutilised annual leave	29	29
Pension costs — defined contribution plans	51	52
	<b>2,532</b>	<b>1,928</b>

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

	Number of individuals For the year ended 31 March	
	2016	2015
Nil–HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	–

### 8 FINANCE EXPENSES

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Interest expenses on bank borrowing	–	6



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Hong Kong profits tax		
— Current income tax	3,680	3,389
— Deferred income tax (Note 13)	(98)	(164)
	<b>3,582</b>	3,225

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

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	
	2016 HK\$'000	2015 HK\$'000
Profit before income tax	7,721	18,005
Tax calculated at a tax rate of 16.5% (2015: 16.5%)	1,274	2,971
Expenses not deductible for tax purposes	2,328	256
Income not subject to taxation	—	(2)
Tax deduction	(20)	—
Income tax expense	<b>3,582</b>	3,225

For the year ended 31 March 2016, the weighted average applicable tax rate was 46.4% (2015: 17.9%). The increase in weighted average applicable tax rate for the year ended 31 March 2016 was mainly due to the non-deductible listing expenses of HK\$13,166,000 (2015: HK\$1,542,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10 DIVIDENDS

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Nil dividend (2015: HK\$1,200 per ordinary share)	–	12,000

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

Dividends of HK\$12,000,000 out of the profits of Seazon Pacific for the year ended 31 March 2015 were approved on 4 June 2015 and were fully paid on 31 August 2015.

## 11 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the 693 ordinary shares of the Company issued to Alpha Direct during the Reorganisation (Note 1.2) and the additional 654,499,230 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 1 April 2014; the 135 ordinary shares of the Company issued to Success Time during the Reorganisation (Note 1.2) and the additional 127,499,850 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 13 February 2015; and the 72 ordinary shares of the Company issued to Wise Manner during the Reorganisation (Note 1.2) and the additional 67,999,920 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 10 April 2015.

	Year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Profit attributable to owners of the Company	4,139	14,780
Weighted average number of ordinary shares in issue	920,868,853	670,917,808
Basic earnings per share (HK\$ cents per share)	0.45	2.20

### (b) Diluted

Diluted earnings per share for the year ended 31 March 2016 and 2015 are equal to the basic earnings per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 March 2016 and 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Fitting and furniture HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Year ended 31 March 2015</b>						
Opening net book value	1,909	52	557	3	–	2,521
Additions	–	–	93	1	–	94
Depreciation	(954)	(13)	(229)	(1)	–	(1,197)
<b>Closing net book value</b>	<b>955</b>	<b>39</b>	<b>421</b>	<b>3</b>	<b>–</b>	<b>1,418</b>
<b>At 31 March 2015</b>						
Cost	2,826	64	759	4	–	3,653
Accumulated depreciation	(1,871)	(25)	(338)	(1)	–	(2,235)
<b>Net book value</b>	<b>955</b>	<b>39</b>	<b>421</b>	<b>3</b>	<b>–</b>	<b>1,418</b>
<b>Year ended 31 March 2016</b>						
Opening net book value	<b>955</b>	<b>39</b>	<b>421</b>	<b>3</b>	<b>–</b>	<b>1,418</b>
Additions	–	–	<b>101</b>	<b>2</b>	<b>730</b>	<b>833</b>
Depreciation	(955)	(13)	(279)	(1)	(49)	(1,297)
<b>Closing net book value</b>	<b>–</b>	<b>26</b>	<b>243</b>	<b>4</b>	<b>681</b>	<b>954</b>
<b>At 31 March 2016</b>						
Cost	<b>2,826</b>	<b>64</b>	<b>860</b>	<b>6</b>	<b>730</b>	<b>4,486</b>
Accumulated depreciation	(2,826)	(38)	(617)	(2)	(49)	(3,532)
<b>Net book value</b>	<b>–</b>	<b>26</b>	<b>243</b>	<b>4</b>	<b>681</b>	<b>954</b>

Depreciation expenses of HK\$1,297,000 (2015: HK\$1,197,000) have been charged to the general and administrative expenses for the year ended 31 March 2016.

### 13 DEFERRED INCOME TAX ASSET

The analysis of deferred income tax asset is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Deferred tax asset:		
Recoverable after 12 months	262	164

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 DEFERRED INCOME TAX ASSET (Continued)

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

	Decelerated tax depreciation HK\$'000
<b>Deferred income tax asset</b>	
At 1 April 2014	–
Credited to the consolidated statement of comprehensive income (Note 9)	164
At 1 April 2015	164
Credited to the consolidated statement of comprehensive income (Note 9)	98
At 31 March 2016	262

As at 31 March 2016 and 2015, the Group did not have any unrecognised deferred income tax assets.

### 14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
<b>Assets as per consolidated statement of financial position</b>		
Loans and receivables:		
— Trade and bills receivables and deposits	12,046	14,878
— Cash and cash equivalents	29,560	29,366
Total	41,606	44,244
<b>Liabilities as per consolidated statement of financial position</b>		
Other financial liabilities at amortised cost:		
— Trade, bills and other payables	12,435	8,283
— Amount due to a director	–	6,928
Total	12,435	15,211

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Gross trade and bills receivables	9,996	13,931
Provision for impairment of trade receivables	–	(58)
Trade and bills receivables, net of provision	9,996	13,873
Prepaid incentive fee (Note (a))	4,954	–
Payment in advance to suppliers	4,087	–
Rental deposits	1,891	987
Deferred listing cost	–	474
Prepayments	581	393
Other receivables	159	18
	<b>21,668</b>	15,745
Less: Non-current portion		
Long-term portion of prepaid incentive fee	(3,954)	–
Long-term portion of rental deposits	(1,830)	–
	<b>15,884</b>	15,745

Note:

- (a) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited ("Asian Succeed"), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group's products and services to the Group for a period of five years. On the commencement date, 15 March 2016, the Group shall pay a sign up and incentive fee to Asian Succeed of HK\$5,000,000. As at 31 March 2016, the Group recognised HK\$4,954,000 as prepaid incentive fee to Asian Succeed and HK\$5,000,000 as incentive fee payable to Asian Succeed in the consolidated statement of financial position as these amounts were not yet settled before year end. The prepaid incentive fee is subject to amortisation of five years and an incentive fee of HK\$46,000 has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2016.

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

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Current	3,576	10,581
1 to 30 days	3,083	739
31 to 60 days	916	160
61 to 90 days	2,324	313
Over 90 days	97	2,080
Past due but not impaired	6,420	3,292
Total trade and bills receivables, net of provision	<b>9,996</b>	13,873

As at 31 March 2016, trade receivables of HK\$6,420,000 (2015: HK\$3,292,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

As at 31 March 2015, trade receivables of HK\$58,000 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 analysis of these receivables is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Over 90 days	–	58

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

	HK\$'000
At 1 April 2014	1,295
Reversal of provision for impairment of trade receivables	(39)
Receivables written off during the year as uncollectible	(1,198)
At 31 March and 1 April 2015	58
Reversal of provision for impairment of trade receivables	(58)
At 31 March 2016	–

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

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

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
US\$	14,081	13,956
HK\$	7,586	1,707
Singapore dollars ("SG\$")	1	82
	21,668	15,745

### 16 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Cash at banks and on hand	29,560	29,366
Maximum exposure to credit risk	29,503	29,302

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 CASH AND CASH EQUIVALENTS (Continued)

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

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
HK\$	13,964	6,997
US\$	11,342	22,127
Euro dollar	3,874	–
Renminbi ("RMB")	53	123
SG\$	327	119
	<b>29,560</b>	<b>29,366</b>

### 17 SHARE CAPITAL

#### Authorised share capital

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

#### Issued and fully paid

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17 SHARE CAPITAL (Continued)

Notes:

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

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

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Trade and bills payable	4,440	5,316
Commission payable		
— to a related company (Note 22(c))	—	2,310
— to a third party	106	56
Receipts in advance from customers	1,309	1,070
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	1,062	512
Incentive fee payable (Note 15(a))	5,000	—
Design fee payable	1,793	—
Other accruals and payables	1,096	672
	<b>15,056</b>	10,186
Less: Non-current portion		
Provision for reinstatement cost	(250)	—
	<b>14,806</b>	10,186

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	
	2016	2015
	HK\$'000	HK\$'000
US\$	7,638	8,636
HK\$	7,338	1,550
EURO	80	—
	<b>15,056</b>	10,186

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### Trade and bills payable

As at 31 March 2016 and 2015, the aging analysis of the trade and bills payable based on due date is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Current	3,700	1,824
1 to 30 days	145	3,023
31 to 60 days	505	168
61 to 90 days	46	46
Over 90 days	44	255
	4,440	5,316

### 19 SUBSIDIARIES

Details of the subsidiaries held by the Group as at 31 March 2016 are as follows:

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
				2016	2015	
<b>Directly held</b>						
Trinity Ally	British Virgin Islands, limited liability company	2 April 2015	US\$1	100%		– Investment holding
<b>Indirectly held</b>						
Season Pacific	Hong Kong, limited liability company	4 February 2013	HK\$10,000	100%	100%	Sales of apparel products with the provision of supply chain management total solutions to customers

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

	As at 31 March 2015 HK\$'000
Assets and liabilities disposed of:	
Amount due to a director	(3)
Gain on disposal of a subsidiary	13
Total consideration for disposal of a subsidiary	10
Satisfied by:	
Consideration settled by cash	10

### 21 COMMITMENTS

The Group leases its office and staff quarter (2015: office and warehouse) under non-cancellable operating lease agreements. The lease terms range from two to three years.

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

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
No later than 1 year	3,520	3,554
Later than 1 year and no later than 5 years	3,602	–
	<b>7,122</b>	3,544

The Group did not have any material capital commitments as at 31 March 2016 (2015: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 RELATED PARTY TRANSACTIONS

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

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

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

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

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Sales commission expenses to Seven Retail Limited in its capacity as a related company (Note)	670	2,310

Note: During the year ended 31 March 2016, total sales commission expenses to Seven Retail Limited was HK\$976,000. From 1 April 2015 to 19 June 2015, the commission expenses was HK\$670,000 and disclosed as related party transactions as above and the remaining amount of HK\$306,000 was included in the sales commission expenses to a third party in the consolidated statement of comprehensive income.

(c) **Amounts due to related parties**

As at 31 March 2015, the outstanding balances due to a director and a related company were unsecured, interest-free and repayable on demand. The balances were denominated in HK\$ and approximated their fair values.

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
<b>Non-trade</b>		
Amount due to Mr. Cheung	–	6,928
<b>Trade</b>		
Sales commission payable to Seven Retail Limited in its capacity as a related company (Note)	–	2,310

Note: As at 31 March 2016, the sales commission payable to Seven Retail Limited of HK\$106,000 was included in commission payable to a third party in the consolidated statement of financial position.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 RELATED PARTY TRANSACTIONS (Continued)

#### (d) Key management compensation

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

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Salaries, bonus and other short-term employee benefits	5,585	4,237
Provision for unutilised annual leave	98	37
Pension costs — defined contribution plans	111	105
	<b>5,794</b>	4,379

#### (e) Other arrangements with related parties

During the year ended 31 March 2015, 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 was expired in December 2014 and was not renewed. The existing operating lease agreement for the office was terminated effective from 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 2016 and 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	NOTE	As at 31 March 2016 HK\$'000
<b>Assets</b>		
<b>Non-current asset</b>		
Investment in subsidiaries		19,645
<b>Current assets</b>		
Prepayment		287
Cash and cash equivalents		11,220
		11,507
<b>Total assets</b>		<b>31,152</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Amounts due to subsidiaries		5,577
Other payables and accruals		231
<b>Total liabilities</b>		<b>5,808</b>
<b>Equity</b>		
Equity attributable to owners of the Company		
Share capital		10,000
Other reserves	a	29,455
Accumulated loss	a	(14,111)
<b>Total equity</b>		<b>25,344</b>
<b>Total equity and liabilities</b>		<b>31,152</b>

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.

The statement of financial position of the Company was approved by the board of Directors on 15 June 2016 and was signed on its behalf.

**Cheung Lui**  
Director

**Chak Ka Wai**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Notes:

(a) Reserve movement of the Company

	Accumulated loss	Merger reserve (Note (b))	Other reserves
	HK\$'000	HK\$'000	HK\$'000
As at 11 May 2015 (date of incorporation)	–	–	–
Acquisition of subsidiaries	–	19,645	–
Loss for the period	(14,111)	–	–
Shares issued upon capitalisation	–	–	(8,500)
Shares issued for placing	–	–	21,000
Listing expenses charged to share premium	–	–	(2,690)
As at 31 March 2016	(14,111)	19,645	9,810

(b) Merger reserve

The investment in subsidiaries were accounted for using the net asset value in accordance with Hong Kong Accounting Guideline 5 as the acquisitions of the subsidiaries were completed through share swap transaction on 22 September 2015. The net assets of Trinity Ally and Seazon Pacific as 22 September 2015 were HK\$19,645,000. The difference between the net asset value and the nominal value of issued share capital for the acquisition of Trinity Ally and Seazon Pacific amounting to HK\$19,645,000 was recognised in merger reserve under equity.

## FINANCIAL HIGHLIGHTS

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

<b>RESULTS</b>	<b>Year ended 31 March</b>		
	<b>2016</b>	2015	2014
	<b>HK\$000</b>	HK\$000	HK\$000
Turnover	<b>155,933</b>	140,739	126,689
Profit before income tax expense	<b>7,721</b>	18,005	11,400
Income tax expense	<b>3,582</b>	3,225	1,910
Profit for the year	<b>4,139</b>	14,780	9,490

<b>ASSETS AND LIABILITIES</b>	<b>As at 31 March</b>		
	<b>2016</b>	2015	2014
	<b>HK\$000</b>	HK\$000	HK\$000
Current assets	<b>45,444</b>	45,111	42,414
Non-current assets	<b>7,000</b>	1,582	3,382
Total assets	<b>52,444</b>	46,693	45,796
Current liabilities	<b>15,965</b>	22,413	36,046
Non-current liabilities	<b>250</b>	–	250
Total liabilities	<b>16,215</b>	22,413	36,296
Net assets	<b>36,229</b>	24,280	9,500

<b>EQUITY</b>	<b>2016</b>	2015	2014
	<b>HK\$000</b>	HK\$000	HK\$000
Equity attributable to owners of the Company	<b>36,229</b>	24,280	9,500

Notes:

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

The financial information for the years ended 31 March 2012 and 2013 were not disclosed as consolidated financial statements for the Group have not been prepared for those years. The summary above does not form part of the audited financial statements.