SPEED APPAREL HOLDING LIMITED

尚捷集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8183)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.speedapparel.com.hk.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2017, together with comparative audited figures for the preceding financial year, such information should be read in conjunction with the prospectus of the Company dated 16 May 2017 (the "**Prospectus**"), as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**430,130**	435,206
Cost of sales		**(362,946)**	(371,059)
Gross profit		**67,184**	64,147
Other income	*5*	**1,629**	1,486
Other loss		**(2,138)**	(2,135)
Selling and distribution expenses		**(24,101)**	(22,517)
Administrative expenses		**(21,413)**	(20,582)
Listing expenses		**(11,414)**	(3,207)
Finance costs		**(669)**	(1,359)
Profit before taxation		**9,078**	15,833
Income tax expense	*6*	**(2,984)**	(3,367)
Profit for the year	*7*	**6,094**	12,466
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(64)**	1
Total comprehensive income for the year		**6,030**	12,467
Earnings per share	*9*		
— Basic (HK cents)		**1.63**	3.32

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,527**	1,361
Deferred tax asset		**11**	—
		1,538	1,361
CURRENT ASSETS			
Inventories		**7,137**	14,243
Trade and bills receivables	*10*	**8,008**	25,956
Other receivables, prepayments and deposits	*10*	**7,061**	9,976
Amounts due from related parties		**—**	5,229
Pledged bank deposits		**6,011**	6,000
Bank balances and cash		**38,503**	20,844
		66,720	82,248
CURRENT LIABILITIES			
Trade and other payables	*11*	**18,276**	44,996
Amount due to a related party		**—**	9,295
Tax payable		**3,747**	991
Bank borrowings — due within one year		**20,333**	8,900
Obligation under a finance lease		**116**	—
		42,472	64,182
NET CURRENT ASSETS		**24,248**	18,066
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,786**	19,427
NON-CURRENT LIABILITIES			
Obligation under a finance lease		**384**	—
Deferred tax liability		**—**	55
		384	55
NET ASSETS		**25,402**	19,372
CAPITAL AND RESERVES			
Share capital	*12*	**—**	4,000
Reserves		**25,402**	15,372
TOTAL EQUITY		**25,402**	19,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 November 2015. The shares of the Company have been listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 31 May 2017. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is located at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Speed Development Co. Ltd ("**Speed Development**"), a limited liability company incorporated in the British Virgin Islands.

The Company acts as an investment holding company. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is different from the functional currency of the Company, United States dollars ("**US$**"). The directors of the Company consider that presenting the consolidated financial statements in HK$ is more preferable as the Group's principle place of business is in Hong Kong.

2. REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Historically, the Group's principal business, which are the selling of apparel products together with the provision of related supply chain management services to its customers (the "**Garment Business**"), was carried out by three entities, namely, Speed Apparel Limited ("**Speed Apparel**"), Firenze Apparel Limited ("**Firenze Apparel**") and Knit World International Limited ("**Knit World**"). All of Speed Apparel, Firenze Apparel and Knit World have always been under the control of Mr. Chan Wing Kai ("**Mr. Chan**"), the controlling shareholder of the Group.

In preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") underwent a group reorganisation (the "**Reorganisation**"), which mainly involved (a) setting up shell entities as holding companies, (b) transferring the Garment Business from Speed Apparel and Firenze Apparel to Speed Apparel (HK) Limited ("**Speed Apparel HK**"), a subsidiary of the Company, and (c) the acquisition of Knit World by Speed Apparel BVI Limited ("**Speed Apparel BVI**"), a subsidiary of the Company. Pursuant to the business transfer agreements entered into among each of Speed Apparel and Firenze Apparel and Speed Apparel HK, the transfer of the Garment Business formally from Speed Apparel and Firenze Apparel to the Group was completed on 1 February 2016, including all the rights and obligations, and assets and liabilities related specifically to the Garment Business except for building properties located in Hong Kong that served as the godown and ancillary office of the Garment Business and the associated bank borrowings which were retained by Speed Apparel and Firenze Apparel (the "**Business Transfer**"). Certain non-core assets and liabilities of Speed Apparel and Firenze Apparel that are not related specifically to the Garment Business are also not transferred to the Group and are retained by Speed Apparel or Firenze Apparel after the Reorganisation (the "**Other Assets and Liabilities**").

Major steps of the Reorganisation are as follows:

i. On 13 November 2015, Speed Apparel BVI was incorporated with an issued and fully paid share capital of US$100 which is held and controlled by Mr. Chan.

ii. On 19 November 2015, the Company was incorporated with an issued and fully paid share capital of HK$0.01 which is held and controlled by Mr. Chan.

iii. On 26 November 2015, Speed Apparel HK was incorporated by Speed Apparel BVI in Hong Kong. Speed Apparel HK allotted and issued 10,000 shares at HK$10,000, credited as fully paid, to Speed Apparel BVI as the initial subscriber.

iv. On 8 December 2015, Mr. Chan transferred the entire issued share capital of the Company to Speed Development, a company incorporated in the BVI which is held and controlled by Mr. Chan. On the same date, Mr. Chan also transferred the entire issued share capital of Speed Apparel BVI to the Company.

v. On 1 February 2016, all the rights and obligations, and assets and liabilities related specifically to the Garment Business carried out by Speed Apparel and Firenze Apparel (except for building properties located in Hong Kong that served as godown and ancillary office of the Garment Business and the associated bank borrowings) as at the date of the Business Transfer were formally transferred to Speed Apparel HK. Other Assets and Liabilities in the net aggregate carrying amount of HK$30,028,000 were retained by Speed Apparel and Firenze Apparel, and have been accounted for as deemed distribution to Mr. Chan.

vi. On 23 February 2016, 尚捷時(深圳)貿易有限公司 Speed Apparel (SZ) Trading Limited* was established in The People's Republic of China (the "**PRC**") by Speed Apparel HK with a registered capital of RMB800,000, which has been paid up in full in April 2016.

vii. On 18 May 2016, Speed Apparel BVI acquired the entire equity interest in Knit World from Mr. Chan for a consideration settled by the issue of one new share by Speed Apparel BVI to the Company; which in turn, issued one new share to Speed Development; which in turn, also issued one new share to Mr. Chan.

The consolidated financial statements for the year ended 31 March 2016 and prior to the date of the Business Transfer aim to include assets, liabilities, income and expenses that are related to and specifically identified for the Garment Business. Throughout the year ended 31 March 2016 and up to the date of Business Transfer, Speed Apparel and Firenze Apparel also owned Other Assets and Liabilities and the Group had segregated the relevant financial information of the Garment Business, to the extent possible, from the historical financial information of Speed Apparel and Firenze Apparel for the preparation of the financial information included in the consolidated financial statements. In particular, since Speed Apparel and Firenze Apparel maintained the same bank accounts for both of their Garment Business as well as for their Other Assets and Liabilities, all cash transactions from the Garment Business and the Other Assets and Liabilities are processed through the same bank accounts, which cannot be segregated. The Group's movements of cash flows as well as changes in equity have inevitably included those related to the Other Assets and Liabilities regardless of the date of the Business Transfer, before the Garment Business was formally transferred to the Group and became distinct and separate legal entities apart from Speed Apparel or Firenze Apparel. It follows that,

(a) in the consolidated statement of cash flows of the Group, any fund flows resulted in the increase and decrease of the bank accounts of Speed Apparel or Firenze Apparel as a result of transactions relating to the Other Assets and Liabilities, even though not related to the Group's Garment Business, were reflected as deemed financing cash inflows and outflows, respectively, of the Group with Mr. Chan, the controlling shareholder of the Group, as these represented deemed contributions from Mr. Chan and deemed distributions to Mr. Chan, respectively, and included in the Group's consolidated statement of cash flows for the period up to the date of Business Transfer; and

(b) in the consolidated statement of changes in equity of the Group, due to the fact that both the Garment Business and the Other Assets and Liabilities were under the common control of Mr. Chan, any (I) corresponding increase in resources of the Group as a result of transactions mentioned in (a) above was credited to special reserve and recognised as deemed contributions from Mr. Chan; and (II) any corresponding decrease in resources as a result of transactions mentioned in (a) above was debited to special reserve and recognised as deemed distributions to Mr. Chan.

* *English name for identification purpose only*

As a result, the bank balances and cash of Speed Apparel and Firenze Apparel were reflected in the consolidated financial statements throughout the year ended 31 March 2016 and up to the date of Business Transfer. The directors of the Company believe that the method of segregation and allocation represents a reasonable basis of determining what the financial position and financial performance of the Garment Business would have been on a stand-alone basis.

Pursuant to the Reorganisation described above, the Company became the holding company of the companies now comprising the Group on 18 May 2016. As the Garment Business has been under the common control of Mr. Chan before and after the Reorganisation, as a result, the Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the year ended 31 March 2016 up to the date of the Business Transfer have been prepared on the basis as if the Company had always been the holding company of the Group and the Group had always been operating the Garment Business, using the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 include the results of the Garment Business as if the Company had always been the holding company of the Group, the Garment Business had always been operated by the Group and the current group structure had been in existence throughout the year, or since the respective dates of incorporation, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the Garment Business as if the Company had always been the holding company of the Group, the Garment Business had always been operated by the Group and the current group structure had been in existence at that date, taking into account the respective dates of incorporation/establishment, where applicable.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently adopted all HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which were effective for annual periods beginning on 1 April 2016 for both current and prior years.

The Group has not early applied the following new and amendments that have been issued at the date of this announcement but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transaction and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets in relation to the impairment assessment on receivables, with the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs. However, it is not practicable to provide a reasonable estimate of the effect until the directors of the Company have performed a detailed review. Except for the abovementioned, the directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2017.

Based on the current business model, the directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's consolidated financial statements in the future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$2,200,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company anticipate that the application of other new standards and amendments will have no material impact on the consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on fashion trading for the year.

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "**CODM**") of the Group, being the executive directors of the Company throughout the year, for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on their products, and its sole operating segment is the trading of garment. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with HKFRSs which is consistent with those presented in the consolidated financial statements, and without further discrete financial information. Accordingly, no analysis of segment information other than entity-wide information is presented.

The Group's operations are mainly located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the geographical locations of the customers, irrespective of the origin of the goods, is detailed below:

	2017	2016
	HK$'000	*HK$'000*
Japan	**394,498**	390,801
Hong Kong	**20,403**	29,515
PRC excluding Hong Kong	**10,015**	10,736
Others	**5,214**	4,154
	430,130	435,206

Information about the Group's non-current assets (exclude deferred tax asset) is presented based on the geographical location of the assets:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,527**	1,361

Revenue from customers individually contributing over 10% of the Group's revenue of the corresponding year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**206,146**	221,138
Customer B	**96,628**	90,872
Customer C	**49,846**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year.

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Sample sales income	**1,614**	1,360
Bank interest income	**15**	124
Others	**—**	2
	1,629	1,486

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
— current year	**3,378**	3,121
— overprovision in prior years	**(474)**	—
PRC Enterprise Income Tax ("**EIT**")		
— current year	**146**	—
	3,050	3,121
Deferred tax (credit) expense	**(66)**	246
	2,984	3,367

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the year.

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of a subsidiary established in the PRC, as determined in accordance with the relevant enterprise income tax law, implementation rules and notices in the PRC.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation	**9,078**	15,833
Tax at Hong Kong Profits tax rate of 16.5% *(Note i)*	**1,498**	2,612
Tax effect of expenses not deductible for tax purposes	**1,971**	592
Tax effect of income not taxable for tax purposes	**(2)**	(20)
Utilisation of tax loss	**(19)**	—
Overprovision in prior years	**(474)**	—
Tax effect of profit under tax concessions *(Note ii)*	**(40)**	(61)
Tax effect of reversal of deferred tax recognised in prior years	**—**	244
Effect of difference in tax rate of a subsidiary operating in another jurisdiction	**50**	—
Income tax expense for the year	**2,984**	3,367

Notes:

(i) The income tax rate in the jurisdiction where the operations of the Group substantially based is used.

(ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the year. In accordance with the 2017–18 Budget and 2016–17 Budget presented by the Financial Secretary of the Government of the Hong Kong Special Administrative Region of the People's Republic of China, it was proposed that the Hong

Kong Profits Tax for the years of assessment 2015/2016 and 2016/2017 be reduced by 75%, subject to a ceiling of HK$20,000 per case in the year. Certain subsidiaries of the Group operating in Hong Kong enjoyed such tax concessions for both years.

7. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
— Fees	**—**	—
— Other emoluments, salaries and other benefits	**2,867**	2,881
— Retirement benefit scheme contributions	**36**	51
	2,903	2,932
Other staff costs:		
— Salaries and other benefits	**21,280**	19,674
— Retirement benefit scheme contributions	**871**	764
	22,151	20,438
Total employee benefits expenses	**25,054**	23,370
Interest expenses on		
— Bank borrowings	**656**	1,329
— Finance lease	**13**	—
	669	1,329
Auditor's remuneration	**400**	150
Depreciation of property, plant and equipment	**785**	1,713
Net foreign exchange losses	**2,138**	2,135
Cost of inventories recognised as cost of sales	**362,946**	371,059
Minimum operating lease rental in respect of rental premises	**1,225**	285
Commission expenses (included in selling and distribution expenses)	**2,123**	2,390
Sample charges (included in selling and distribution expenses)	**6,560**	5,807

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 March 2017 and 2016 is based on the profit attributable to the owners of the Company of HK$6,094,000 (2016: HK$12,466,000) and the number of 375,000,000 ordinary shares, which had been adjusted retrospectively for the effect of shares issued in connection with the Reorganisation as set out in note 2 and the effect of the capitalisation issue took place and completed on 31 May 2017 as if both the Reorganisation and capitalisation issue had been effective on 1 April 2015.

No diluted earnings per share is presented for both years at there was no potential ordinary share outstanding.

10. TRADE AND BILLS RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**4,617**	24,478
Bills receivables	**3,391**	1,478
	8,008	25,956
Prepayments to subcontractors/suppliers	**1,667**	8,387
Deferred listing expenses	**4,308**	882
Utility deposits	**41**	181
Other receivables	**205**	435
Other prepayments	**840**	91
	7,061	9,976

No allowance for bad and doubtful debt was provided for the year ended 31 March 2017 and 2016 and no balance of provision for bad and doubtful debt had been recognised as at the end of each reporting period.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days. For other customers, the Group demands for full settlement upon delivery of goods.

The following is an ageing analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximate the revenue recognition dates:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**6,476**	22,379
31–60 days	**208**	2,101
61–90 days	**1,129**	1,334
Over 90 days	**195**	142
	8,008	25,956

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

At 31 March 2017, included in the Group's trade receivable balance were debtors with aggregate carrying amount of HK$613,000 (2016: HK$1,892,000) which were past due at the end of the reporting period for which the Group had not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

Trade and bills receivables and other receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2017	2016
	HK$'000	*HK$'000*
HK$	**59**	678
Renminbi ("**RMB**")	**198**	3,899
	257	4,577

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**6,902**	28,419
Accrued subcontracting charges	**661**	11,790
Accrued staff costs	**590**	503
Accrued expenses	**8,862**	778
Deposits received	**—**	916
Other payables	**1,261**	2,590
	18,276	44,996

The credit period on purchase of goods is ranging from 30 to 45 days. The aging analysis of the trade payables of the Group presented based on the invoice dates at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**5,122**	25,748
31–60 days	**1,113**	1,431
61–90 days	**626**	504
Over 90 days	**41**	736
	6,902	28,419

Trade and other payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2017	2016
	HK$'000	*HK$'000*
HK$	**5,186**	9,239
RMB	**702**	—
	5,888	9,239

12. SHARE CAPITAL

The Company was incorporated on 19 November 2015. As set out in note 2, the acquisition of Knit World by Speed Apparel BVI had not yet been completed on 31 March 2016 and the balance of share capital as at 31 March 2016 represented the aggregate of the share capital of the Company and Knit World attributable to Mr. Chan.

As further set out in note 2, the acquisition of Knit World by Speed Apparel BVI had been completed on 18 May 2016 and settled by issue of one share of the Company to Speed Development as part of the consideration. On 24 May 2016, the Company further issued and allotted 8,998 shares at par value of HK$0.01 each to Speed Development at the aggregate cash consideration of approximately HK$90. The balance of share capital as at 31 March 2017 represented solely the share capital of the Company.

Details of movements of share capital of the Company are as follows:

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 19 November 2015 (date of incorporation), 31 March 2016 and 2017	39,000,000	390
Issued:		
At date of incorporation and 31 March 2016	1	—
Issue of shares	8,999	—
At 31 March 2017	9,000	—

The new shares rank pari passu with the then existing shares in all respects.

Other than the share allotments above, no other share transaction was undertaken by the Company from its incorporation date to 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Group is an apparel supply chain management services provider. Headquartered in Hong Kong, the Group principally sells knitwear products predominately in the Japan market. The Group provides one-stop apparel supply chain management solutions for its customers ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services. The Group's customers are mainly owners or sourcing agents of apparel retail brands based in Japan, which products are marketed and sold under their own brands. The Group does not possess its own labels. All the Group's knitwear products are manufactured in accordance with the specifications and requirements set out by the Group's customers in the sales orders, some designs of which are recommended or inspired by the Group. Since the Group does not own or operate any manufacturing operations, the Group will outsource the whole manufacturing process to third-party manufacturers with manufacturing operations located in the PRC and or Thailand.

Business Review

During the year ended 31 March 2017, the Group's revenue decreased slightly by approximately 1.2% as compared with that for the year ended 31 March 2016 while gross profit margin increased to 15.6% for the year ended 31 March 2017 from 14.7% for the preceding year. The slight increase in gross profit margin was mainly attributable to the increase in the gross profit margin of womenswear for the year ended 31 March 2017, which in turn was mainly due to the decrease in purchase orders of lower priced products from a major customer with lower gross profit margins.

Non-recurring listing expenses of approximately HK$11.4 million was recognised during the year ended 31 March 2017, which significantly affected the financial results of the Group during the year ended 31 March 2017. As a result, the net profit attributable to the owners of the Company decreased to approximately HK$6.1 million for the year ended 31 March 2017 comparing to approximately HK$12.5 million for the year ended 31 March 2016, representing a decrease of approximately 51.2%.

On 31 May 2017, the shares of the Company (the "**Share(s)**") have been successfully listed on GEM of the Stock Exchange by way of share offer (the "**Share Offer**"). After deducting all the relevant commission and expenses in relation to the listing, an approximate of HK$35.9 million net proceeds has been raised from the listing. The Group will utilise such net proceeds by implementing the corporate plans in accordance with the business strategies as set out in the Prospectus under the section headed "Statement of Business Objectives and Use of Proceeds".

Financial Review

Revenue

The Group's knitwear products can be divided into two categories, namely womenswear and menswear. During the year ended 31 March 2017, the Group's revenue was mainly derived from the sales of womenswear, which accounted for approximately 81.1% of the Group's total revenue. The following table sets out a breakdown of the Group's revenue by product categories for each of the two years ended 31 March 2017:

	Year ended 31 March				Rate of change
	2017		2016		
	HK$'000	***%***	*HK$'000*	*%*	***%***
Womenswear	**348,948**	**81.1**	363,294	83.5	(3.9)
Menswear	**81,182**	**18.9**	71,912	16.5	12.9
	430,130	**100.0**	435,206	100.0	(1.2)

During the year ended 31 March 2017, the sales volume of the Group amounted to approximately 7.5 million units of finished knitwear products. Set out below are the total sales quantities of each product category for each of the two years ended 31 March 2017:

	Year ended 31 March				Rate of change
	2017		2016		
	Pieces *('000)*	***%***	Pieces *('000)*	*%*	***%***
Womenswear	**6,109**	**81.7**	7,010	83.9	(12.9)
Menswear	**1,372**	**18.3**	1,342	16.1	2.2
	7,481	**100.0**	8,352	100.0	(10.4)

The selling price of each of the product categories depends primarily on, among other thing, (i) the complexity of the product design; (ii) the size of an order; (iii) the delivery schedule set out by customers; (iv) the costs of raw materials; and (v) the production costs as quoted by the third party manufacturers. Accordingly, the selling price of the Group's products may differ considerably in different purchase orders by different customers. Set out below are the average selling prices per unit of finished product sold by the Group by category for each of the two years ended 31 March 2017:

	Year ended 31 March		
	2017	2016	
	Average selling price *(Note)* *HK$*	Average selling price *(Note)* *HK$*	**Rate of change** %
Womenswear	**57.1**	51.8	10.2
Menswear	**59.2**	53.6	10.4
Overall average selling price	**57.5**	52.1	10.4

Note: The average selling price represents the revenue for the year divided by the total sales quantities for the year.

The Group's revenue decreased slightly by approximately 1.2%, or approximately HK$5.1 million, from approximately HK$435.2 million for the year ended 31 March 2016 to approximately HK$430.1 million for the year ended 31 March 2017. The decrease in revenue was mainly attributable to the decrease in sales volume of the knitwear products.

Womenswear

During the year ended 31 March 2017, the Group's revenue was mainly derived from the sales of womenswear. Revenue derived from the sales of womenswear decreased by approximately HK$14.4 million or 3.9% from approximately HK$363.3 million for the year ended 31 March 2016 to approximately HK$348.9 million for the year ended 31 March 2017. Such decrease was mainly attributable to the decrease in sales quantity from approximately 7.0 million pieces for the year ended 31 March 2016 to approximately 6.1 million pieces for the year ended 31 March 2017, which outweighs the increase in average selling price from approximately HK$51.8 for the year ended 31 March 2016 to approximately HK$57.1 for the year ended 31 March 2017.

Menswear

The Group's revenue derived from the sales of menswear increased by approximately HK$9.3 million or 12.9% from approximately HK$71.9 million for the year ended 31 March 2016 to approximately HK$81.2 million for the year ended 31 March 2017. Such increase was mainly attributable to the increase in sales orders of menswear placed by existing customers coupled with the increase in average selling price from approximately HK$53.6 for the year ended 31 March 2016 to approximately HK$59.2 for the year ended 31 March 2017, and the continuous effort of the Group to market its knitwear during the year.

Cost of sales

The Group's cost of sales primarily consists of subcontracting charges, raw materials and consumable used, inspection fee and other processing charges. The cost of sales decreased to approximately HK$362.9 million for the year ended 31 March 2017 from approximately HK$371.1 million for the year ended 31 March 2016, representing a decrease of approximately 2.2%. The Group's cost of sales decreased along with the decrease in the Group's revenue for the year ended 31 March 2017.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$67.2 million for the year ended 31 March 2017 from approximately HK$64.1 million for the year ended 31 March 2016, representing an increase of approximately 4.8%. The increase was mainly attributable to the decrease in cost of sales which outweighted the decrease in the Group's sales volume of the knitwear products. The Group's gross profit margin slightly increased to approximately 15.6% for the year ended 31 March 2017 from approximately 14.7% for the year ended 31 March 2016 which was as a result of decrease in purchase orders of lower priced womenswear products from a major customer with lower gross profit margin.

Other income

Other income mainly consists of sample sales income and bank interest income. The Group's other income increased to approximately HK$1.63 million for the year ended 31 March 2017 from approximately HK$1.49 million for the year ended 31 March 2016, representing an increase of approximately 9.4%. The increase was mainly attributable to an increase in the Group's sample sales income, which outweighted the decrease in bank interest income of approximately HK$0.1 million during the year ended 31 March 2017.

Other loss

Other loss remains steadily at approximately HK$2.1 million for the year ended 31 March 2017. Such exchange differences arising on the Group's revenue denominated in US$ were mainly due to the fact that translation of such transaction amounts were recognised in the Group's consolidated statement of profit or loss and other comprehensive income according to an exchange rate of HK$7.80: USD1.00 whilst the settlement of such transaction amounts were based on the rate of exchanges prevailing on the dates of settlement. Notwithstanding the above, the Directors are of the opinion that the Group's exposure to US$ foreign currency risk is minimal as HK$ is pegged to US$ by the Hong Kong's Linked Exchange Rate System.

Selling and distribution expenses

Selling and distribution expenses mainly consist of advertising expenses, commission expenses, logistic expenses, sample costs and staff costs and benefits of merchandising staff. Selling and distribution expenses increased to approximately HK$24.1 million for the year ended 31 March 2017 from approximately HK$22.5 million for the year ended 31 March 2016, representing an increase of approximately 7.1%. The net increase in the Group's selling expenses and distribution expenses was mainly attributable to the increases in (i) advertising expense; (ii) logistic expenses; and (iii) staff costs and benefits for merchandising staff as additional staff was recruited during the year ended 31 March 2017, such increase was partially mitigated by the decrease in the commission charged by the sourcing agents.

Administrative expenses

Administrative expenses primarily consist of audit fee, bank charges, depreciation, Directors' emoluments, entertainment, legal and professional fees, office expenses, overseas and local travelling, rent and rates, staff costs and benefits of general and administrative staff. Administrative expenses increased to approximately HK$21.4 million for the year ended 31 March 2017 from approximately HK$20.6 million for the year ended 31 March 2016, representing an increase of approximately 3.9%. Such increase was mainly attributable to the increase in audit fees and rent and rates as compared to the previous year.

Listing expenses

The Group recognised non-recurring listing expenses of approximately HK$11.4 million for the year ended 31 March 2017 while there was approximately HK$3.2 million listing expenses recognised for the previous financial year. Accordingly, the financial results of the Group for the year ended 31 March 2017 have been significantly affected by the recognition of such listing expenses.

Finance costs

The Group's finance costs decreased by approximately HK$0.7 million, or approximately 50.0%, from approximately HK$1.4 million for the year ended 31 March 2016 to approximately HK$0.7 million for the year ended 31 March 2017, which was primarily due to a decrease in interest expenses on the Group's bank borrowings for the year ended 31 March 2017.

Profit before taxation

As a result of the foregoing, profit before income tax decreased by approximately 42.4%, or approximately HK$6.7 million, from approximately HK$15.8 million for the year ended 31 March 2016 to approximately HK$9.1 million for the year ended 31 March 2017. The decrease was mainly due to the listing expenses incurred as aforementioned which was partially mitigated by the positive effect of decrease in finance costs during the year ended 31 March 2017.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased to approximately HK$6.0 million for the year ended 31 March 2017 from approximately HK$12.5 million for the year ended 31 March 2016, representing a decrease of approximately 52.0%. If the non-recurring listing expenses of approximately HK$11.4 million (2016: approximately HK$3.2 million) had been excluded, the Group's adjusted profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2017 would have been approximately HK$17.4 million, representing an increase of approximately 10.8% compared to the adjusted profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 of approximately HK$15.7 million.

Basic earnings per Share

The Company's basic earnings per Share for the year ended 31 March 2017 was approximately HK1.6 cents (2016: HK3.3 cents), representing decrease of approximately HK1.7 cents, or approximately 51.5%, which is in line with the profit for the year attributable to the owners of the Company, when compared to the year ended 31 March 2016.

Final dividend

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

Liquidity and Financial Resources

During the year ended 31 March 2017, the Group's operations were generally financed through internally generated cash flows and borrowings from banks. The Directors believe that in the long term, the Group's operations will be funded by a combination of internally generated cash flows and bank borrowings and, if necessary, additional equity financing.

As at 31 March 2017 and 2016, the Group had net current assets of approximately HK$24.2 million and HK$18.1 million respectively, including cash and bank balances of approximately HK$38.5 million and HK$20.8 million respectively. The Group's current ratio increased from approximately 1.3 as at 31 March 2016 to approximately 1.6 as at 31 March 2017. Such an increase was mainly because of the repayment of an amount due to related parties during the year ended 31 March 2017.

Gearing ratio is calculated based on the total loans and borrowings (including amounts due to related parties, bank borrowings due within one year and obligation under finance lease) divided by total equity at the respective reporting date. As at 31 March 2017, the Group's gearing ratio was approximately 0.8 times, while it was 0.9 times as at 31 March 2016. The slight decrease in gearing ratio from approximately 0.9 times as at 31 March 2016 to approximately 0.8 times as at 31 March 2017 was mainly due to the full repayment of an amount due to related parties during the year ended

31 March 2017. The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and banking credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

Treasury Policies

The Group adopts prudent treasury policies. The Group's credit risk is primarily attributable to its trade and bills receivables. In order to minimise the credit risk, the management of the Group has delegated a team to perform ongoing credit evaluation of the financial conditions of the customers including but not limited to the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and reduce the Group's exposure to credit risk. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

In management of the liquidity risk, the Board closely monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Commitments

The Group's contractual commitments were primarily related to the leases of its office premises. At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,200**	1,200
In the second to fifth year inclusive	**1,000**	2,200
	2,200	3,400

Operating lease payments represent rental expenses payable by the Group to Firenze Apparel, a related entity controlled by Mr. Chan for its office premises. Leases are negotiated for the fixed term of three years and rentals are fixed over the lease term.

As at 31 March 2017, the Group did not have any significant capital commitments (31 March 2016: Nil).

Capital Structure

The Shares were successfully listed on GEM on 31 May 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary Shares.

As at the date of this announcement, the Company's issued share capital amounting to HK$5.0 million divided by 500,000,000 shares of HK$0.01 each.

Details of changes in the Company's share capital for the year ended 31 March 2017 are set out in note 12 to this announcement.

Significant Investments

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

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

Subsequent to the completion of the Reorganisation and up to 31 March 2017, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

Future Plans for Material Investments and Capital Assets

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

Contingent Liabilities

The Group did not have material contingent liabilities as at 31 March 2017 (31 March 2016: Nil).

Foreign Exchange Exposure

Certain trade and bills receivables, other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, and obligation under a finance lease are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk. 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 currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

At the end of each reporting year, the following assets were pledged to banks to secure certain banking facilities granted to the Group:

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Pledged bank deposit	**6,011**	6,000
	6,011	6,000

Employees and Remuneration Policies

As at 31 March 2017, the Group employed a total of 75 full-time employees (31 March 2016: 65). The Group's staff costs mainly included Directors' emoluments, salaries, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2017 and 2016, the Group's total staff costs (including Directors' emoluments) amounted to approximately HK$25.1 million and HK$23.4 million respectively. Remuneration is determined with reference to qualification, experience, position and seniority of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

After the listing, the remuneration committee will review and determine the remuneration and compensation packages of the Directors and senior management with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. Share options may also be granted to the Directors and senior management under the share option scheme.

Compliance with Laws and Regulations

During the year ended 31 March 2017, the Group mainly carries out its businesses in Hong Kong and the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws, rules and regulations in Hong Kong and the PRC.

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, rules 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, rules and regulations in Hong Kong and reviews regularly the existing staff benefits for improvement. Apart from the remuneration package, the Group also offers other employee benefits, such as medical insurance etc. The Group works closely with its customers in devising new product designs each season and delivering knitwear products according to their requirements. The Group had maintained business relationships with its five largest customers for a period ranging from 5 to 15 years. Over the years, the Directors believe that the Group has fostered a trustworthy and reliable strategic partnership with its customers built upon its proven track record of quality products, industry and product knowhow, market awareness, dedicated management team, and competitive pricing. The Group has also established stable, close working and long-term relationship with its suppliers. During the year, there was no material dispute or disagreement with the employees, the customers and the suppliers of the Group.

Use of Proceeds

The Shares were successfully listed on GEM of the Stock Exchange on 31 May 2017 (the "**Listing Date**"). The Group raised the net proceeds from the Share Offer of approximately HK$35.9 million after deducting commission and expenses borne by the Company in connection with the Share Offer of approximately HK$26.6 million (the "**Net Proceeds**"). The Net Proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus. As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK$35.9 million.

The following table sets forth a breakdown of the use of Net Proceeds during the period from the Listing Date up to the date of this announcement:

	Net proceeds available	**Utilised**	**Unutilised**
	HK$ million	*HK$ million*	*HK$ million*
Strengthening and diversifying the Group's customers base	4.8	—	4.8
Further expanding the Group's product mix to cater to the customers' need	9.6	—	9.6
Enhancing the Group's design and development capabilities	7.3	—	7.3
Enhancing the Group's inventory management to strengthen operational efficiency	14.2	—	14.2
	35.9	—	35.9

As at the date of this announcement, the unutilised net proceeds from the Share Offer were deposited in the bank accounts of the Company.

Future Prospects

The Shares were successfully listed on GEM of the Stock Exchange on 31 May 2017. The Directors believe that the Listing of the Shares on GEM of the Stock Exchange will enhance the Group's profile and the Net Proceeds from the Share Offer will strengthen the financial position and will enable the Group to implement its business plans set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus. Furthermore, the listing status on the Stock Exchange will offer the Group access to capital market for corporate finance exercise, assist the Group in further business development and strengthen the Group's competitiveness.

The Group always strives to remain flexible and sensitive to the increasing and changing needs of its customers and to create the best tailor-made design and products for them at a competitive price. Apart from setting up new merchandising teams and strengthening the design team, the Company plans to set up a new office and showroom in Japan with a view of enhancing services to existing customers as well as introducing to the Group new customers and business opportunities to the extent that the Group's customer base will be further broadened for continuous growth of the Group.

OTHER INFORMATION

Corporate Governance Practices

Since the Listing, the Board recognised that transparency and accountability are important to a listed company. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors of the Company believe that good corporate governance provides a framework that is essential for effective management, successful business growth and healthy corporate culture in return for the benefits of the Company's stakeholders as a whole.

The Board has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Directors of the Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

The Board is pleased to report the compliance of the Company with the code provisions of the CG Code for the period from the Listing Date to the date of this announcement (the "**Relevant Period**"), except where otherwise stated. During the Relevant Period, 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.

Mr. Chan is the chairman of the Board and the chief executive officer of the Company and he has been managing the Group's business and supervising the overall operations of the Group since 2001. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Chan is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

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 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 Relevant Period.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this announcement.

Directors' Interests in Competing Businesses

During the year and up to the date of this announcement, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules), 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.

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Messis Capital Limited ("**Messis**") to be the compliance adviser. As informed by Messis, neither Messis nor any of its directors or employees or close 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 Messis dated 15 May 2017.

Events After the Reporting Period

Subsequent to 31 March 2017, the following significant events took place:

(i) On 23 January 2017 and 8 May 2017, written resolutions of the then sole shareholder of the Company were passed to approve the followings, all of which were completed on 31 May 2017:

(a) the authorised share capital of the Company was increased from HK$390,000 divided into 39,000,000 shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares by the creation of an additional 961,000,000 shares of HK$0.01 each;

(b) subject to the share premium account of the Company being credited as a result of the share offer resulting from the proposed listing of the shares of the Company on the GEM of the Stock Exchange, the directors of the Company were authorised to allot and issue a total of 374,991,000 shares, credited as fully paid at par, to the then sole shareholder by way of capitalisation of a sum of HK$3,749,910 standing to the credit of the share premium account of the Company; and

(c) the share option scheme of the Company was conditionally adopted on 8 May 2017.

(ii) On 31 May 2017, 125,000,000 ordinary shares with a par value of HK$0.01 each of the Company were issued at a price of HK$0.5 per share by way of share offer. On the same date, the Company's shares were listed on the GEM of the Stock Exchange.

Closure of Register of Members

For the purpose of determining shareholders' entitlements to attend and vote at the forthcoming annual general meeting (the "**2017 AGM**"), the transfer books and the register of members of the Company will be closed from Wednesday, 6 September 2017 to Monday, 11 September 2017 (both days inclusive), during which period no transfer of shares will be effected. In order to establish the right to attend and vote at the 2017 AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 5 September 2017.

Audit Committee

The audit committee of the Company was established 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 main duties of the audit committee are to assist the Board in reviewing the Company's financial information, overseeing the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the scope of audit and making recommendation to the Board on the appointment of external auditors.

The audit committee currently consists of three members, namely Mr. Kwok Chi Shing (the Chairman of the audit committee), Ms. Chan Siu Lai and Mr. Ma Kwok Fai, Edwin, 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 announcement and the audited consolidated results of the Group for the year ended 31 March 2017.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
Speed Apparel Holding Limited
Chan Wing Kai
Chairman and Executive Director

Hong Kong, 23 June 2017

As at the date of this announcement, the executive Directors are Mr. Chan Wing Kai and Mr. Ng Ming Ho; and the independent non-executive Directors are Mr. Kwok Chi Shing, Ms. Chan Siu Lai and Mr. Ma Kwok Fai, Edwin.