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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 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018, the audited operating results of the Group were as follows:

- Revenue of approximately HK\$390.4 million was recorded for the year ended 31 March 2018;
- Profit after taxation for the year ended 31 March 2018 amounted to approximately HK\$14.1 million;
- Basic earnings per share for the year ended 31 March 2018 based on weighted average number of approximate ordinary Shares of 479,452,000 was approximately 2.9 HK cents; and
- The Directors proposed the payment of a final dividend of 1.5 HK cents per share of the Company.

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 2018, 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 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	5 & 7	390,423	430,130
Cost of sales		<u>(325,955)</u>	<u>(362,946)</u>
Gross profit		64,468	67,184
Other income	6	2,199	1,629
Other loss		–	(2,138)
Selling and distribution expenses		(23,497)	(24,101)
Administrative expenses		<u>(23,130)</u>	<u>(21,413)</u>
Profit from operations		20,040	21,161
Listing expenses		(2,580)	(11,414)
Finance costs		<u>(151)</u>	<u>(669)</u>
Profit before tax		17,309	9,078
Income tax expense	8	<u>(3,225)</u>	<u>(2,984)</u>
Profit for the year	9	<u>14,084</u>	<u>6,094</u>
Other comprehensive income (expense):			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>149</u>	<u>(64)</u>
Other comprehensive income (expense) for the year		<u>149</u>	<u>(64)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>14,233</u>	<u>6,030</u>
Earnings per share	<i>11</i>		
Basic (HK cents)		<u>2.94</u>	<u>1.63</u>
Diluted (HK cents)		<u>2.94</u>	<u>1.63</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,680	1,527
Deferred tax assets		7	11
		<u>1,687</u>	<u>1,538</u>
Current assets			
Inventories		5,767	7,137
Trade and bills receivables	<i>12</i>	9,219	8,008
Prepayments, deposits and other receivables		4,490	7,061
Pledged bank deposits		15,864	6,011
Bank and cash balances		83,350	38,503
		<u>118,690</u>	<u>66,720</u>
Current liabilities			
Trade and other payables	<i>13</i>	26,884	18,276
Tax payable		818	3,747
Borrowings		–	20,333
Finance lease payable		122	116
		<u>27,824</u>	<u>42,472</u>
Net current assets		<u>90,866</u>	<u>24,248</u>
Total assets less current liabilities		<u>92,553</u>	<u>25,786</u>
Non-current liability			
Finance lease payable		262	384
		<u>262</u>	<u>384</u>
NET ASSETS		<u>92,291</u>	<u>25,402</u>
Capital and reserves			
Share capital	<i>14</i>	5,000	–
Reserves		87,291	25,402
		<u>92,291</u>	<u>25,402</u>
TOTAL EQUITY		<u>92,291</u>	<u>25,402</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Speed Apparel Holding Limited 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 addresses of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong. The shares of the Company have been listed on GEM of the Stock Exchange since 31 May 2017 (stock code: 8183).

The Company is an investment holding company and its subsidiaries are principally engaged in provision of apparel supply chain management service and predominately in the Japan market.

In the opinion of the Directors, the immediate and ultimate holding company is Speed Development Co. Ltd ("**Speed Development**"), a limited liability company incorporated in the British Virgin Islands, and Mr. Chan Wing Kai ("**Mr. Chan**") is the ultimate controlling party of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION

Historically, the Group's principal business, which are 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, the controlling shareholder of the Group.

In preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Group underwent a group reorganisation (the "**Reorganisation**") which was completed on 18 May 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. 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.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (the "**HKFRS**"); Hong Kong Accounting Standards (the "**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgements in the process of applying the accounting policies.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's presentation currency. The Functional Currency of the Company is United States dollars ("US\$"). The Directors consider that choosing HK\$ as the presentation currency best suits the needs of the shareholders and investors.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses 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 exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

5. REVENUE

The Group's revenue which represents fashion trading to customers is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Fashion trading	<u>390,423</u>	<u>430,130</u>

6. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Sample sales income	1,239	1,614
Bank interest income	258	15
Gain on exchange difference, net	<u>702</u>	<u>–</u>
	<u>2,199</u>	<u>1,629</u>

7. SEGMENT INFORMATION

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.

Geographical information:

	#Revenue		*Non-current assets	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Geographical markets				
Japan	358,569	394,498	–	–
Hong Kong	16,381	20,403	1,680	1,527
People's Republic of China (the "PRC") excluding Hong Kong	9,525	10,015	–	–
Others	<u>5,948</u>	<u>5,214</u>	<u>–</u>	<u>–</u>
	<u>390,423</u>	<u>430,130</u>	<u>1,680</u>	<u>1,527</u>

In presenting the geographical information, revenue is based on the locations of the customers.

* In presenting the geographical information about the Group's non-current assets, deferred tax asset is excluded.

Revenue from major customers:

Revenue from customers of the corresponding periods individually contributed over 10% of the total revenue of the Group are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	197,041	206,146
Customer B	57,696	96,628
Customer C	46,333	49,846
	<u>46,333</u>	<u>49,846</u>

8. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Current year	3,361	3,378
– Over-provision in prior years	(41)	(474)
PRC Enterprise Income Tax (the “EIT”)		
– Current year	10	146
– Over-provision in prior year	(109)	–
	<u>3,221</u>	<u>3,050</u>
Deferred tax expense (credit)	4	(66)
	<u>3,225</u>	<u>2,984</u>

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.

According to the EIT Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

No provision for Japan corporate income tax has been made for the year ended 31 March 2018 as the Group did not generate any assessable profits during the year.

The Group is subject to national corporate income tax, local corporate tax, enterprise tax, local corporate special tax and local corporate inhabitants tax in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 21.42% for the year ended 31 March 2018.

The reconciliation between the income tax expense and the profit before tax is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before tax	<u>17,309</u>	<u>9,078</u>
Tax at Hong Kong Profits tax rate of 16.5% (2017: 16.5%)	2,856	1,498
Tax effect of expenses not deductible and income not taxable for tax purpose	569	1,969
Utilisation of tax loss previously not recognised	–	(19)
Tax effect of tax loss not recognised	18	–
Over-provision in prior years	(150)	(474)
Tax effect of profit under tax concessions	(60)	(40)
Effect of difference in tax rate of a subsidiary operating in another jurisdiction	<u>(8)</u>	<u>50</u>
Income tax expense	<u>3,225</u>	<u>2,984</u>

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after (crediting) charging:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and other benefits	23,552	24,147
– Retirement benefit scheme contributions	<u>935</u>	<u>907</u>
	<u>24,487</u>	<u>25,054</u>
Auditor's remuneration	450	400
Depreciation	998	785
Net foreign exchange (gain) losses	(702)	2,138
Cost of inventories sold	325,955	362,946
Operating lease charges	1,252	1,225
Commission expenses (included in selling and distribution expenses)	2,274	2,123
Sample charges (included in selling and distribution expenses)	<u>6,163</u>	<u>6,560</u>

10. DIVIDEND

The final dividend proposed after 31 March is not recognised as a liability at 31 March as it had not been approved by the shareholders of the Company.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Proposed final dividend of 1.5 HK cents (2017: Nil) per ordinary share	<u>7,500</u>	<u>Nil</u>

11. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$14,084,000 (2017: approximately HK\$6,094,000) and the weighted average number of ordinary shares of 479,452,055 (2017: 375,000,000) in issue during the year.

The number of 375,000,000 ordinary shares, had been adjusted retrospectively for the effect of shares issued in connection with the Reorganisation and the effect of the capitalisation issue as if both the Reorganisation and capitalisation issue had been effective on 1 April 2016.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share outstanding during the years ended 31 March 2018 and 2017.

12. TRADE AND BILLS RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	6,563	4,617
Bills receivables	<u>2,656</u>	<u>3,391</u>
	<u>9,219</u>	<u>8,008</u>

No allowance for bad and doubtful debt was provided for the years ended 31 March 2018 and 2017 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 an average credit period from 30 to 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 – 30 days	7,865	6,476
31 – 60 days	917	208
61 – 90 days	332	1,129
Over 90 days	105	195
	<u>9,219</u>	<u>8,008</u>

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 ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Neither past due nor impaired	5,880	4,004
Less than 60 days past due	580	437
Over 60 days past due	103	176
	<u>6,563</u>	<u>4,617</u>

13. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	22,855	6,902
Accrued subcontracting charges	626	661
Accrued staff costs	601	590
Accrued expenses	1,657	8,862
Other payables	1,145	1,261
	<u>26,884</u>	<u>18,276</u>

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 – 30 days	6,760	5,122
31 – 60 days	14,872	1,113
61 – 90 days	180	626
Over 90 days	1,043	41
	<u>22,855</u>	<u>6,902</u>

14. SHARE CAPITAL

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

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2016, 31 March 2017 and 1 April 2017	39,000,000	390
Increase in authorised share capital (Note (i))	<u>961,000,000</u>	<u>9,610</u>
At 31 March 2018	<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>
Issued and fully paid:		
At 1 April 2016	1	–
Issue of shares (Note (ii))	<u>8,999</u>	<u>–</u>
At 31 March 2017 and 1 April 2017	9,000	–
Issue of shares (Note (iii))	125,000,000	1,250
Issue of shares by capitalisation of share premium account (Note (iii))	<u>374,991,000</u>	<u>3,750</u>
At 31 March 2018	<u><u>500,000,000</u></u>	<u><u>5,000</u></u>

Notes:

- (i) On 8 May 2017, 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.

- (ii) The acquisition of Knit World by Speed Apparel (BVI) Limited 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.

- (iii) 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\$0.50 per share by way of share offer. On the same day, the Directors of the Company were authorised to allot and issue a total of 374,991,000 shares, credited and 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.

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 2018, the Group recorded a revenue of approximately HK\$390.4 million, representing a decrease of approximately 9.2% as compared to the amount of approximately HK\$430.1 million for the year ended 31 March 2017. The gross profit margin of the Group increased slightly to 16.5% for the year ended 31 March 2018 from 15.6% for the preceding year. The slight increase in gross profit margin was mainly attributable to the increase in the gross profit margin of menswear for the year ended 31 March 2018, due to the decrease in purchase orders of menswear products with lower gross profit margins from a major customer. The Group's profit and total comprehensive income attributable to owners of the Company increased by approximately 136.7% or HK\$8.2 million from approximately HK\$6.0 million for the year ended 31 March 2017 to approximately HK\$14.2 million for the year ended 31 March 2018. Such increase was mainly attributable to a significant decrease in non-recurring listing expenses incurred for the year ended 31 March 2018 to approximately HK\$2.6 million from approximately HK\$11.4 million for the year ended 31 March 2017. During the year ended 31 March 2018, the Group's revenue and profit was affected by the combination of (i) the decrease in demand from the existing customers despite there was a slow economic growth in Japan and (ii) the Group accepted purchase orders from the customers with relatively higher gross profit margin to enhance the utilisation of the Group's resources.

The Group incorporated a subsidiary in Japan to set up a showroom and an office for a design team and an account servicing team. By setting up a showroom in Japan, the Group will be able to display and promote more sample products to customers and to facilitate the demands from the local customers more efficiently which in turn may create more business opportunities and further strengthen the corporate image to the customers.

The shares of the Company (the “Share(s)”) were successfully listed (the “Listing”) on GEM of the Stock Exchange on 31 May 2017 (the “Listing Date”) by way of share offer (the “Share Offer”). The Group raised the net proceeds from the Share Offer of approximately HK\$35.9 million after deducting all the relevant commission and expenses in relation to the Listing (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” of the Prospectus.

Financial Review

Revenue

The Group’s knitwear products can be divided into two categories, namely womenswear and menswear. During the year ended 31 March 2018, Group’s revenue was mainly derived from the sales of womenswear, which accounted for approximately 83.8% 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 2018:

	Year ended 31 March				Rate of change %
	2018		2017		
	HK\$’000	%	HK\$’000	%	
Womenswear	327,228	83.8	348,948	81.1	(6.2)
Menswear	63,195	16.2	81,182	18.9	(22.2)
	<u>390,423</u>	<u>100.0</u>	<u>430,130</u>	<u>100.0</u>	<u>(9.2)</u>

During the year ended 31 March 2018, the sales volume of the Group amounted to approximately 7.1 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 2018:

	Year ended 31 March				Rate of change %
	2018		2017		
	Pieces (’000)	%	Pieces (’000)	%	
Womenswear	6,055	85.8	6,109	81.7	(0.9)
Menswear	1,001	14.2	1,372	18.3	(27.0)
	<u>7,056</u>	<u>100.0</u>	<u>7,481</u>	<u>100.0</u>	<u>(5.7)</u>

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 2018:

	Year ended 31 March		Rate of change %
	2018	2017	
	Average selling price (note) HK\$	Average selling price (note) HK\$	
Womenswear	54.0	57.1	(5.4)
Menswear	63.1	59.2	6.6
Overall average selling price	55.3	57.5	(3.8)

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 by approximately 9.2%, or approximately HK\$39.7 million, from approximately HK\$430.1 million for the year ended 31 March 2017 to approximately HK\$390.4 million for the year ended 31 March 2018. The decrease in revenue was mainly attributable to the decrease in sales volume of the knitwear products coupled with the decrease in overall average selling price for the year ended 31 March 2018.

Womenswear

During the year ended 31 March 2018, the Group's revenue was mainly derived from the sales of womenswear. Revenue derived from the sales of womenswear decreased by approximately HK\$21.7 million or 6.2% from approximately HK\$348.9 million for the year ended 31 March 2017 to approximately HK\$327.2 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in average selling price from approximately HK\$57.1 for the year ended 31 March 2017 to approximately HK\$54.0 for the year ended 31 March 2018.

Menswear

The Group's revenue derived from the sales of menswear decreased significantly by approximately HK\$18.0 million or 22.2% from approximately HK\$81.2 million for the year ended 31 March 2017 to approximately HK\$63.2 million for the year ended 31 March 2018. Such decrease was mainly attributable to the substantial decrease in sales volume from approximately 1.4 million pieces for the year ended 31 March 2017 to approximately 1.0 million pieces for the year ended 31 March 2018, which outweighs the increase in average selling price from approximately HK\$59.2 for the year ended 31 March 2017 to approximately HK\$63.1 for the year ended 31 March 2018.

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\$326.0 million for the year ended 31 March 2018 from approximately HK\$362.9 million for the year ended 31 March 2017, representing a decrease of approximately 10.2%. The decrease of the Group's cost of sales was in line with the decrease in the Group's revenue of approximately 9.2% for the year ended 31 March 2018.

Gross profit and gross profit margin

The Group's gross profit decreased relatively slightly to approximately HK\$64.5 million for the year ended 31 March 2018 from approximately HK\$67.2 million for the year ended 31 March 2017, representing a decrease of approximately 4.0%. The decrease was mainly attributable to the decrease in sales volume of the Group's knitwear products coupled with the decrease in overall average selling price for the year ended 31 March 2018. The Group's gross profit margin slightly increased to approximately 16.5% for the year ended 31 March 2018 from approximately 15.6% for the year ended 31 March 2017. Such increase in the Group's gross profit margin was mainly attributable to the result of decrease in purchase orders of menswear products with lower gross profit margin from a major customer which in turn increased in the gross profit margin of menswear products. Despite facing the challenging trading environment during the year ended 31 March 2018, the Group endeavoured to maintain the gross profit margin while offering satisfactory supply chain management solutions to its customers.

Other income

Other income mainly consists of sample sales income, bank interest income and gain on exchange differences. The Group's other income increased to approximately HK\$2.2 million for the year ended 31 March 2018 from approximately HK\$1.6 million for the year ended 31 March 2017, representing an increase of approximately 37.5%. The increase was mainly attributable to an increase in bank interest income of approximately HK\$0.3 million coupled with the turned around of exchange difference from exchange loss of approximately HK\$2.1 million for the year ended 31 March 2017 to exchange gain of approximately HK\$0.7 million for the year ended 31 March 2018, which outweighed the decrease in the Group's sample sales income of approximately HK\$0.4 million for the year ended 31 March 2018.

Other loss

Other loss was nil for the year ended 31 March 2018 as there was turned around from exchange loss of approximately HK\$2.1 million for the year ended 31 March 2017 to exchange gain of approximately HK\$0.7 million for the year ended 31 March 2018. Such other gain or loss was the exchange differences arising from the Group's revenue denominated in US\$, which was mainly due to the fact that translation of the 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. The turnaround from exchange loss to exchange gain was primarily due to the exchange gain arising from depositing the relevant payments from customers into the Group's HK\$ denominated bank accounts for the year ended 31 March 2018.

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 decreased slightly to approximately HK\$23.5 million for the year ended 31 March 2018 from approximately HK\$24.1 million for the year ended 31 March 2017, representing a decrease of approximately 2.5%. Such decrease in the Group's selling and distribution expenses was mainly attributable to the decrease in staff costs and benefits for merchandising staff.

Administrative expenses

Administrative expenses primarily consist of audit fee, bank charges, depreciation, Directors' emoluments, entertainment, legal and professional fee, office expenses, overseas and local travelling, rent and rates, staff costs and benefits of general and administrative staff. Administrative expenses increased to approximately HK\$23.1 million for the year ended 31 March 2018 from approximately HK\$21.4 million for the year ended 31 March 2017, representing an increase of approximately 7.9%. Such an increase was mainly attributable to the increase in professional fees incurred following the listing of the Shares of the Company in May 2017.

Listing expenses

The Group recognised non-recurring listing expenses of approximately HK\$2.6 million for the year ended 31 March 2018 whilst there was approximately HK\$11.4 million of non-recurring listing expenses recognised for the year ended 31 March 2017. Accordingly, the financial results of the Group for the year ended 31 March 2018 was improved significantly from the substantial decrease in such listing expenses.

Finance costs

The Group's finance costs decreased by approximately HK\$0.5 million or 71.4% from approximately HK\$0.7 million for the year ended 31 March 2017 to approximately HK\$0.2 million for the year ended 31 March 2018, which was primarily due to a decrease in interest expenses on the Group's bank borrowings for the year ended 31 March 2018.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased to approximately HK\$14.2 million for the year ended 31 March 2018 from approximately HK\$6.0 million for the year ended 31 March 2017, representing an increase of approximately 136.7%. If the non-recurring listing expenses of approximately HK\$2.6 million (2017: approximately HK\$11.4 million) were excluded, the Group's adjusted profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2018 would have been approximately HK\$16.8 million, representing a slight decrease of approximately 3.4% compared to the adjusted profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2017 of approximately HK\$17.4 million.

Basic Earnings Per Share

The Company's basic earnings per share for the year ended 31 March 2018 was approximately 2.9 HK cents (2017: approximately 1.6 HK cents), representing an increase of approximately 1.3 HK cents, or approximately 81.3%, 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 2017.

Final Dividend

The Directors recommended the payment of a final dividend of 1.5 HK cents per share for the year ended 31 March 2018 (2017: Nil) to the shareholders whose names appear on the register of members of the Company on Tuesday, 28 August 2018. The proposed final dividend, subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM") to be held on Monday, 20 August 2018, will be paid on or about Tuesday, 18 September 2018.

Liquidity and Financial Resources

During the year ended 31 March 2018, the Group's operations were generally financed through an internally generated cash flows, proceeds from the Share Offer 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 2018 and 2017, the Group had net current assets of approximately HK\$90.9 million and HK\$24.2 million respectively, including bank and cash balances of approximately HK\$83.4 million and HK\$38.5 million, respectively. The Group's current ratio increased from approximately 1.6 as at 31 March 2017 to approximately 4.3 as at 31 March 2018. Such an increase was mainly as a result of the full repayment of bank borrowings and a substantial increase in bank and cash balances during the year ended 31 March 2018 benefited from the Listing.

Gearing ratio is calculated based on the total loans and borrowings (including bank borrowings due within one year and obligation under finance lease) divided by total equity at the respective reporting date. As at 31 March 2018, the Group's gearing ratio was nil whilst it was 0.8 times as at 31 March 2017 which mainly due to the full repayment of bank borrowings and the amount of obligation under finance lease is relatively insignificant during the year ended 31 March 2018. 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 and cash balances and banking 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 its 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. As at 31 March 2018 and 2017, 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	
	2018	2017
	HK\$'000	HK\$'000
Within one year	1,597	1,200
In the second to fifth year inclusive	497	1,000
	<u>2,094</u>	<u>2,200</u>

As at 31 March 2018, the Group did not have any significant capital commitments (31 March 2017: Nil).

Capital Structure

The Shares of the Company were successfully listed on GEM of the Stock Exchange 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 31 March 2018, 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 2018 are set out in note 14 to the consolidated financial statements in this announcement.

Significant Investments

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

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2018, the Group did not have any 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.

Contingent Liabilities

The Group did not have material contingent liabilities as at 31 March 2018 (31 March 2017: Nil).

Foreign Exchange Exposure

Certain trade and bills receivables, other receivables, pledged bank deposits, bank and cash balances and trade and other payables 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 do 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	
	2018	2017
	HK\$'000	HK\$'000
Pledged bank deposits	<u>15,864</u>	<u>6,011</u>
	<u>15,864</u>	<u>6,011</u>

Employees and Remuneration Policies

As at 31 March 2018, the Group employed a total of 75 full-time employees (31 March 2017: 75). The Group's staff costs mainly included Directors' emoluments, salaries, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2018 and 2017, the Group's total staff costs (including Directors' emoluments) amounted to approximately HK\$24.5 million and HK\$25.1 million respectively. Remuneration is determined with reference to market terms and the performance, qualification(s), 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 employees that 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 2018, 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 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 reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance, birthday leave to the eligible employees 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 2 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 know-how, market awareness, dedicated management team and competitive pricing. The Group has also established stable, close working and long-term relationships with its suppliers. During the year, there was no material dispute or disagreement between 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 the Listing Date. The Group raised the Net Proceeds from the Share Offer of approximately HK\$35.9 million which was lower than the estimated amount as stated in the Prospectus. The Net Proceeds is 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 for the period from the Listing Date to 31 March 2020. Consequently, the Group adjusted the Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

The following table sets forth an analysis of the utilisation of Net Proceeds during the period from the Listing Date to the year ended 31 March 2018:

	Adjusted net proceeds in the same manner as stated in the Prospectus available <i>HK\$ million</i>	Adjusted planned use of Net Proceeds as stated in the Prospectus up to 31 March 2018 <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 March 2018 <i>HK\$ million</i>
Strengthening and diversifying the Group's customers base	4.8	1.5	1.5
Further expanding the Group's product mix to cater to the customers' need	9.6	2.7	2.3
Enhancing the Group's design and development capabilities	7.3	3.4	1.4
Enhancing the Group's inventory management to strengthen operational efficiency	14.2	4.5	4.6
	<u>35.9</u>	<u>12.1</u>	<u>9.8</u>

Future Prospects

The Shares were successfully listed on GEM of the Stock Exchange on the Listing Date. 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 will further 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 markets for corporate finance exercise, assist the Group in further business development and strengthen the Group's competitiveness.

During the year ended 31 March 2018, the Group has set up a new merchandising team and recruited merchandisers and a new designer as the Group intends to further expand the Group's product variety. Furthermore, the Group leased a new office in Japan to facilitate the expansion plan and the continuous growth of its business. The showroom in Japan office is expected to be opened in late June 2018. By setting up a showroom in Japan, the Group will be able to display and promote more sample products to customers and to respond to customers' demands in an more efficient and effective manner which in turn may create more business opportunities and further strengthen the corporate image to the customers. In view of the foregoing, the Directors believe that the Group will be able to solicit new customers as well as new fashion brands including but not limited to the Japan market which in turn will drive to the business growth of the Group in long run.

The Directors will also continue to explore opportunities to diversify the Group's operations so that the customers base could be further strengthened and diversified. The Directors will continue to review and evaluate the business objective and strategy and make timely execution taking into account the business risks and market uncertainties. The Directors believe that the Group are able to retain existing customers by offering satisfactory supply chain management solutions.

OTHER INFORMATION

Corporate Governance Practices

Since the Listing, the Board recognised that the transparency and accountability are important to a listed company. As such, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors 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 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 year ended 31 March 2018 (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 code provision A.2.1 of the CG Code.

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 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 for the period from the Listing Date up to the year ended 31 March 2018.

Directors' Interests in Competing Businesses

During the year ended 31 March 2018, 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

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2018 and up to the date of this announcement.

Closure of Register of Members

For the purpose of determining shareholders' entitlements to attend and vote at the forthcoming annual general meeting (the “**2018 AGM**”), the transfer books and the register of members of the Company will be closed from Wednesday, 15 August 2018 to Monday, 20 August 2018 (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 2018 AGM, all transfer of Shares of the Company, 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, 14 August 2018.

For determining the entitlement of the proposed final dividend, the transfer of books and the register of members of the Company will be closed from Friday, 24 August 2018 to Tuesday, 28 August 2018 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfer of Shares of the Company, 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, for registration no later than 4:30 p.m. on Thursday, 23 August 2018.

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 2018.

Scope of Work of Zhonghui Anda CPA Limited

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2018. The work performed by ZHONGHUI ANDA CPA Limited 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

Hong Kong, 19 June 2018

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 Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin.