SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on Main Board: 1657)

(Stock Code on GEM: 8442)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Sponsor

建泉融資有限公司
VBG Capital Limited

- Reference is made to the announcement issued by the Company dated 24 September 2018 in relation to the formal application submitted by the Company to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules.
- On 24 September 2018 (after trading hours), a formal application (the "**Application**") was made by the Company to the Stock Exchange for the listing of, and permission to deal in 32,000,000 Shares in issue on the Main Board by way of Transfer of Listing. The Application lapsed on 5 March 2020 and was resubmitted on 6 March 2020.
- The approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 11 March 2020 for the Shares to be listed on the Main Board and de-listed from GEM.
- The last day of dealings in the Shares on GEM (stock code on GEM: 8442) will be Thursday, 19 March 2020.

- Dealings in the Shares on the Main Board (stock code: 1657) will commence at 9:00 a.m. on Friday, 20 March 2020.
- As at the date of this announcement, all the applicable pre-conditions for the Transfer of Listing as set out in the Main Board Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and the Shares.
- The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates.
- No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.
- The price and trading volume of the Shares have been volatile since the Listing on GEM. The Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risk and they are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement issued by the Company dated 24 September 2018 in relation to the formal application submitted by the Company to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 24 September 2018 (after trading hours), a formal application (the "**Application**") was made by the Company to the Stock Exchange for the listing of, and permission to deal in 32,000,000 Shares in issue on the Main Board by way of Transfer of Listing. The Application lapsed on 5 March 2020 and was resubmitted on 6 March 2020.

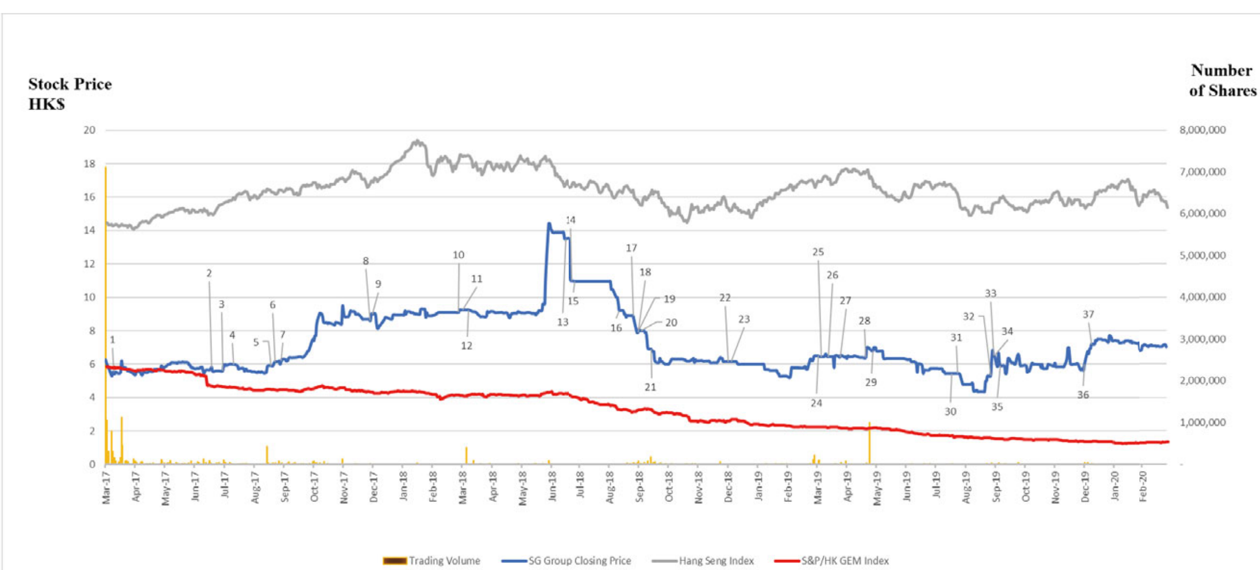
The Board is pleased to announce that the approval-in-principle has been granted by the Stock Exchange on 11 March 2020 for the Shares to be listed on the Main Board and de-listed from GEM. The last day of dealings in the Shares on GEM (stock code: 8442) will be Thursday, 19 March 2020. Dealings in the Shares on the Main Board (stock code: 1657) will commence at 9:00 a.m. on Friday, 20 March 2020.

As at the date of this announcement, the Board confirms that all the applicable pre-conditions for the Transfer of Listing as set out in the Main Board Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

SHARE PRICE VOLATILITY

The Shares have been listed on GEM by way of share offer since 21 March 2017. The offer price was HK$6.4 per Share. The highest closing price and lowest closing price at which the Shares have been traded on GEM since 21 March 2017 and up to the Latest Practicable Date was HK$14.4 per Share (11 June 2018 to 12 June 2018) and HK$4.36 per Share (20 August 2019 to 27 August 2019) respectively. During the aforementioned period, the closing price per Share had risen by a maximum of approximately 125% (by comparing the share offer price and the highest closing price) and decreased to a minimum by approximately 31.9% (by comparing the share offer price and the lowest closing price).

The chart below sets out the daily stock price movement and trading volume since the Listing against market benchmarks including the Hang Seng Index and S&P Hong Kong GEM Index with reference to certain significant events such as Brexit, the tariffs imposed on the Group's products, the announcements related to the Company's financial performance, inside information and business development:



Note:

	Date of the significant events associated with or changes in circumstances of the Group:	*Description:*
1	*3/29/2017*	*Brexit Announcement by the UK Government*
2	*7/6/2017*	*Profit warning*
3	*7/17/2017*	*Announcement of Annual Results for The Year Ended 30 April 2017*
4	*7/28/2017*	*Annual Report 2017, Notice of Annual General Meeting, Proposals for (1) Granting of General Mandates to Issue and Repurchase Shares; (2) Extension of Issue Mandate; (3) Re-Election of Retiring Directors;(4) Re-Appointment of Independent Auditor; and Notice of Annual General Meeting*
5	*9/4/2017*	*Positive profit alert*
6	*9/8/2017*	*Announcement of first quarterly results for the three months ended 31 July 2017*
7	*9/14/2017*	*First quarterly report 2017*
8	*12/13/2017*	*Announcement of interim results for the six months ended 31 October 2017*
9	*12/15/2017*	*Interim report 2017*
10	*3/12/2018*	*Positive profit alert*
11	*3/16/2018*	*Announcement of third quarterly results for the nine months ended 31 January 2018 and third quarterly report 2017*
12	*3/22/2018*	*US president signed the memorandum tariff imposition and started the US-China trade war*
13	*6/28/2018*	*Announcement of annual results for the year ended 30 April 2018*
14	*7/6/2018*	*US implemented the first china-specific tariffs*
15	*7/9/2018*	*Annual report 2018*
16	*8/23/2018*	*US and China implemented the second round of tariffs*
17	*9/6/2018*	*Profit warning*
18	*9/11/2018*	*Disclosable transaction – acquisition of property*
19	*9/12/2018*	*Announcement of first quarterly results for the three months ended 31 July 2018*
20	*9/14/2018*	*First quarterly report 2018*

	Date of the significant events associated with or changes in circumstances of the Group:	*Description:*
21	*9/24/2018*	*Proposed transfer of listing from GEM to the Main Board of the Stock Exchange of Hong Kong Limited; US and China implemented the third round of tariffs*
22	*12/11/2018*	*Announcement of interim results for the six months ended 31 October 2018*
23	*12/14/2018*	*Interim report 2018*
24	*3/12/2019*	*Announcement of third quarterly results for the nine months ended 31 January 2019*
25	*3/15/2019*	*Third quarterly report 2018*
26	*3/22/2019*	*Voluntary announcement in relation to the expansion of customer base in the PRC*
27	*4/3/2019*	*Voluntary announcement further expansion of customer base in the US*
28	*4/29/2019*	*Inside information in relation to the placing of existing shares by controlling shareholder*
29	*5/6/2019*	*Inside information in relation to the completion of placing of existing shares by controlling shareholder*
30	*7/25/2019*	*Announcement of annual results for the year ended 30 April 2019*
31	*7/31/2019*	*Annual report 2019, proposals for (1) granting of general mandates to issue and repurchase shares; (2) extension of issue mandate; (3) re-election of retiring directors; (4) re-appointment of independent auditor; and (5) notice of annual general meeting*
32	*9/2/2019*	*US Implemented the fourth round of tariffs (List 4A)*
33	*9/5/2019*	*Further announcement on the proposed transfer of listing from GEM to the Main Board of the Stock Exchange of Hong Kong limited*
34	*9/6/2019*	*Announcement of first quarterly results for the three months ended 31 July 2019*
35	*9/12/2019*	*First quarterly report 2019*
36	*12/6/2019*	*Positive profit alert*
37	*12/13/2019*	*Interim report and announcement of interim results for the six months ended 31 October 2019*

The Board noted that the price of the Shares has been volatile and may continue to be volatile. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed and the Shares have been traded on GEM since 21 March 2017. The Group is an apparel designing and sourcing service provider for branded fashion retailers and wholesalers. The apparel products that the Group offers to its customers are womenswear, childrenswear and menswear which include skirts, shirts, blouses, T-shirts, trousers, coats, jackets, dresses, bridal wear, blazers, cardigans, jumpsuits, playsuits, shorts and nightwear. The Group's apparel products generally target mid and high-end sectors in the apparel market. In addition, the Group also provides consultation services to shirts and footwear manufacturers. Since the Company's Listing and up to the date of this announcement, there has been no change in the principal business of the Group.

GEM has been positioned and perceived as a market designed to accommodate companies to which a higher investment risk and higher market volatility may be attached than other companies listed on the Main Board. The Board believes that the listing of the Shares on the Main Board will further enhance the profile of the Group and strengthen its recognition among public investors and customers, which in turn will enhance the confidence of potential and existing customers in the Group, who might then bring more business opportunities to the Group or provide more favourable terms. Accordingly, the Board is of the view that the Transfer of Listing will be beneficial to the future business development of the Group.

In addition, given that the entry requirements for issuers listing on the Main Board are generally higher than those of GEM, the Board believes that public investors normally prefer to invest in companies listed on the Main Board, which could result in a larger investor base and higher trading liquidity of the Shares. Therefore, the Transfer of Listing will be beneficial to the financing flexibility of the Group through equity financing.

The Company approached some institutional investors of which they have expressed interests in the Group's business. However, they have expressed their concerns on investing in companies listed on GEM because GEM has been positioned and perceived as a market designed to accommodate companies to which a higher investment risk and higher market volatility may be attached than other companies listed on the Main Board. They will consider investing in the Company if it is to be successfully transferred to the Main Board. Based on the above, the Group believes that if the Company can be successfully transferred to be listed on the Main Board, the Group will be able to attract new institutional investors and could further broaden the Company's investor base and increase the market liquidity of the Shares.

As at the date of this announcement, the Board has no intention to change the nature of business of the Group following the Transfer of Listing.

The Transfer of Listing will not involve the issue of any new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 21 March 2017, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8442) will be Thursday, 19 March 2020. Dealings in the Shares on the Main Board (stock code: 1657) will commence at 9:00 a.m. on Friday, 20 March 2020.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 500 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company in the Cayman Islands is Harneys Fiduciary (Cayman) Limited and the branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited ("**Boardroom**"). No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme since the Listing.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 30 August 2019 to the Directors to allot, issue and deal with new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; or

(c) the date on which the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

SHAREHOLDING DISTRIBUTION

The Company conducted a shareholders' search on 14 February 2020. Based on the replies received from the securities houses, brokerage firms and banks up to 4 March 2020, as well as the register of Shareholders provided by Boardroom and to the best of knowledge and belief of the Directors having making all reasonable inquiries, as at 14 February 2020, being the latest practicable date in ascertaining the shareholdings of the Company, (i) the Controlling Shareholders held 23,000,000 Shares, representing approximately 71.88% of the total issued share capital of the Company; and (ii) the identifiable public Shareholders (other than the Controlling Shareholders) held an aggregate of 8,402,100 Shares, representing approximately 26.26% of the total issued share capital of the Company. 102 identifiable public shareholders (other than the Controlling Shareholders) which hold 1 board lot of the total issued share capital of the Company were identified by the search result. A total of 302 Shareholders (including 301 public Shareholders) were identified by the search result. The below table sets out the number of identifiable public Shareholders and the Shareholders' spread other than the Shares held by the Controlling Shareholders as at 14 February 2020:

	Aggregate number of Shares held *(Note 1)*	Approximate percentage of shareholding to the issued share capital of the Company
Top identifiable public Shareholder *(Note 2)*	553,000	1.73%
Top five identifiable public Shareholders *(Note 3)*	1,822,000	5.69%
Top ten identifiable public Shareholders *(Note 4)*	2,846,500	8.90%
Top 25 identifiable public Shareholders *(Note 5)*	4,858,000	15.18%

Note:

1. The shareholding search conducted on 14 February 2020 cannot identify Shareholders holding an aggregate of 597,900 Shares, representing approximately 1.87% of the entire issued share capital of the Company (the "**Unidentifiable Shares**").

2. According to the search result, as at 14 February 2020, the top identifiable public Shareholder held 553,000 Shares, representing approximately 1.73% of the issued share capital of the Company. As there was no Shareholder other than the Controlling Shareholders holding 5% or more of the total issued share capital of the Company according to the Disclosure of Interests Online System on the website of the Stock Exchange as at 14 February 2020, being the latest practicable date in ascertaining the shareholdings in the Company, the Unidentifiable Shares (if any) could be partially or wholly held by the top identifiable Shareholder. Accordingly, the maximum aggregate number of Shares held by the top identifiable public Shareholder would be no more than 1,150,900 Shares, representing no more than 5% of the entire issued share capital of the Company.

3. Assuming that the Unidentifiable Shares were all held by the top five identifiable public Shareholders, the aggregate number of Shares held by them will be 2,419,900 Shares, representing approximately 7.56% of the entire issued share capital of the Company.

4. Assuming that the Unidentifiable Shares were all held by the top ten identifiable Shareholders, the aggregate number of Shares held by them will be 3,444,400 Shares, representing approximately 10.76% of the entire issued share capital of the Company.

5. Assuming that the Unidentifiable Shares were all held by the top 25 identifiable Shareholders, the aggregate number of Shares held by them will be 5,455,900 Shares, representing approximately 17.05% of the entire issued share capital of the Company.

PUBLIC FLOAT

Notwithstanding the effect on shareholding distribution that may be held by the Unidentifiable Shares, based on the information above, the Directors confirm that, as at the date of this announcement, (i) at least 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules); (ii) the Company has at least 300 Shareholders; and (iii) not more than 50% of the Shares held by the public are held by the three largest public Shareholders. Accordingly, the public float requirements have been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

Reference is made to the announcements of the Company dated 29 April 2019 and 3 May 2019. The Controlling Shareholder, JC International, placed down an aggregate of 1,000,000 Shares (the "**Placing**"), due to the personal investment needs of the Controlling Shareholders, which represented approximately 3.1% of the then issued share capital of the Company, to 10 independent placees. Completion of the Placing took place on 3 May 2019.

Mr. Charles Choi cashed out around HK$6 million for his personal catering investment. The catering investment was co-founded by Mr. Charles Choi and Mr. Choi Ching Sing, the Executive Director of the Group. As at the Latest Practicable Date, all the placing proceeds have been invested in the new shop of the catering investment in New Town Plaza, Shatin.

Immediately before the Placing, the Controlling Shareholders and the public Shareholders held in aggregate 24,000,000 Shares and 8,000,000 Shares, representing 75% and 25% of the total issued share capital of the Company, respectively. Immediately after the completion of the Placing and as at the Latest Practicable Date, the Controlling Shareholders and the public Shareholders held in aggregate 23,000,000 Shares and 9,000,000 Shares, representing approximately 71.9% and 28.1% of the total issued share capital of the Company, respectively.

Based on the information received up to 4 March 2020 (being the latest practicable date for the Company to ascertain the following information prior to the Transfer of Listing), and to the best knowledge of the Directors upon due and reasonable enquiry, as at 14 February 2020, (i) the Controlling Shareholders held an aggregate of 23,000,000 Shares, representing approximately 71.9% of the then entire issued share capital of the Company; (ii) public Shareholders held an aggregate of 9,000,000 Shares, representing approximately 28.1% of the then entire issued share capital of the Company; and (iii) there were at least 300 Shareholders. Among the public Shareholders, as at 14 February 2020, the top three public Shareholders held an aggregate of 1,222,000 Shares, representing approximately 3.8% of the then entire issued share capital of the Company and approximately 13.6% of the Shares held in public hands.

As at the date of this announcement, there are no outstanding options, warrants or similar rights or convertible equity securities issued by the Company which will be transferred to the Main Board.

DIRECTOR'S OR CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or Controlling Shareholders or their respective close associates (has the meaning ascribed to it under the Main Board Listing Rules) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Main Board Listing Rules.

REGULAR PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant period or financial year, respectively. The Directors are of the view that potential investors and Shareholders will continue to have access to relevant information of the Company following the reporting requirements under the Main Board Listing Rules. Meanwhile, the interim results and the interim report of the Company for the six months ended 31 October 2019 were published on 13 December 2019. The annual results and annual report of the Company for the year ended 30 April 2019 were published on 25 July 2019 and 31 July 2019, respectively. Please refer to the above published documents for details.

COMPLIANCE MATTERS

The Directors confirm that, to the best of their knowledge, from the Listing and up to the Latest Practicable Date, (i) there are no litigation or claims of material importance ongoing, pending or threatened against any member of the Group; (ii) the Group has obtained all licences, permits, approvals and certificates necessary to conduct its business operations; (iii) the Group did not receive any notices for any fines or penalties for any non-compliance that is material and systemic; and (iv) the Group has complied with all applicable laws and regulations in all material respects in Hong Kong, the PRC and the UK.

The Directors also confirm that the Company was not a subject of any disciplinary action or investigation by the Stock Exchange or any other regulators in relation to any serious or potentially serious breach of or material non-compliance with the GEM Listing Rules.

BUSINESS OVERVIEW

The Group is an apparel designing and sourcing service provider for branded fashion retailers and wholesalers in Europe, the US, the PRC and Hong Kong. The Group's apparel designing and sourcing services mainly consist of (i) design and development; (ii) sourcing of suppliers; (iii) production and logistics management; and (iv) quality assurance. The Group also provides consultation services to shirts and footwear manufacturers, which include provision of assistance for compliance with the corporate social responsibility standards requirements, provision of fashion trend forecast analysis, design specification and introduction of potential customers to them. As at the Latest Practicable Date, the Group has one showroom in use in Hong Kong and one showroom in use in the UK.

Business model

The Group's apparel designing and sourcing services mainly include (i) design and development which involves (a) offering of the Group's in-house designed collections displayed in the Group's showrooms which the Group's customers can select off-the-shelves, (b) provision of tailored design based on customers' specifications and requirements, and (c) offering of design ideas and suggestions on product improvements on the preliminary designs provided by the Group's customers; (ii) sourcing of suppliers from the Group's list of Approved Suppliers which are responsible for the sourcing of raw materials and the production of apparel products for the Group's customers; (iii) production and logistics management which involves monitoring the manufacturing processes of the Group's Approved Suppliers and arranging delivery of the apparel products to customers; and (iv) quality assurance which involves conducting inspections of the apparel products at different production stages and arranging sample checking by external inspectors. The Group does not have its own manufacturing capability and solely relies on the Approved Suppliers for the production of apparel products.

Pricing strategy

The Group adopts a cost-plus pricing strategy and the Group's apparel products are priced separately for each order based on (i) the complexity and number of steps involved in the production process; (ii) the volume of orders and timing of delivery; (iii) the estimated cost of the apparel product (including the estimated design and development costs which the Group would incur and the fees and expenses quoted by the Group's Approved Suppliers for manufacturing the apparel product); and (iv) the estimated mark-up margins that the Group charges. The Group relies on some of its Approved Suppliers to source the raw materials required for producing product samples for bulk production of the final apparel products.

Customers

As at the Latest Practicable Date, the Group's major customers are mainly located and/or have their operations in the UK, the US and the PRC, which have their own brands with retail and online shops.

The following tables set out our top five customers during the Track Record Period:

Top 5 Customers of the Group

For the year ended 30 April 2017

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Monsoon Accessorize Limited ("**Monsoon**")	Monsoon was incorporated in London, the UK in 1973. It is principally engaged in the retailing of women's and children's clothing, accessories, homeware and gifts. As at 26 August 2017, it operated 187 stores (including 34 concessions) in the UK. Its holding company, Drillgreat Limited, had turnovers of approximately GBP422.0 million and GBP424.0 million for the periods ended 27 August 2016 and 26 August 2017, respectively. The principal products purchased from the Group are girls dresses and ladies dresses.	8 years	90 days credit terms, paid by wire transfer	60,729	36.6%	573	573	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ASOS.com Limited ("**ASOS**")	ASOS was incorporated in London, the UK in 1998. It is a global online fashion retailer which targets young adults. Its products are mainly sold to the UK, the United States and European countries. As at 31 August 2018, ASOS employed 4,334 people, with the majority based at its headquarters in Camden, North London and with smaller teams in Paris, Birmingham, Berlin, New York and Atlanta. Its ultimate holding company is ASOS Plc, which is listed on the London Stock Exchange (stock code: ASC). ASOS Plc reported revenues of approximately GPB1,924.0 million and GBP2,417.0 million for the financial years ended 31 August 2017 and 31 August 2018, respectively. The principal products purchased from the Group are ladies dresses.	8 years	45 days credit terms, paid by wire transfer	55,372	33.4%	5,587	5,587	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer A	Customer A is a design-led British retailer covering many product groups, including fashion, homewares, furniture and gifts. It operates around 78 stores in the UK together with a transactional website. Customer A had turnovers of approximately GBP61.1 million and GBP69.0 million for the financial years ended 31 December 2017 and 31 December 2018, respectively. The principal products purchased from the Group are ladies dresses.	6 years	45 days credit terms, paid by wire transfer	10,743	6.5%	4,065	4,065	100.0%
Customer B	Customer B was incorporated in the UK in 1988. It is principally engaged in retailing and wholesaling of clothing and clothing accessories in the UK and internationally through retail stores and the internet. Its ultimate holding company reported turnovers of approximately GBP2,018.0 million and GBP1,905.0 million for the financial years ended 26 August 2016 and 26 August 2017, respectively. The principal products purchased from the Group are ladies dresses.	3 years	Documents against acceptance (D/A), 60 days credit terms, paid by wire transfer	4,945	3.0%	220	220	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer C	Customer C was founded in Dublin, Ireland in 1944. It is principally engaged in retailing of textiles and homeware goods. It has approximately 140 stores in total. The principal products purchased from the Group are girls dresses, ladies dresses and ladies tops.	8 years	45 days credit terms, paid by wire transfer	4,591	2.8%	555	555	100.0%
Total				136,380	82.3%			

For the year ended 30 April 2018

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ASOS	ASOS was incorporated in London, the UK in 1998. It is a global online fashion retailer which targets young adults. Its products are mainly sold to the UK, the United States and European countries. As at 31 August 2018, ASOS employed 4,334 people, with the majority based at its headquarters in Camden, North London and with smaller teams in Paris, Birmingham, Berlin, New York and Atlanta. Its ultimate holding company is ASOS Plc, which is listed on the London Stock Exchange (stock code: ASC). ASOS Plc reported revenues of approximately GPB1,924.0 million and GBP2,417.0 million for the financial years ended 31 August 2017 and 31 August 2018, respectively. The principal products purchased from the Group are ladies dresses.	8 years	45 days credit terms, paid by wire transfer	77,876	40.5%	12,219	12,219	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Monsoon	Monsoon was incorporated in London, the UK in 1973. It is principally engaged in retailing of women's and children's clothing, accessories, homeware and gifts. As at 26 August 2017, it operated 187 stores (including 34 concessions) in the UK. Its holding company, Drillgreat Limited, had turnovers of approximately GBP422.0 million and GBP424.0 million for the periods ended 27 August 2016 and 26 August 2017, respectively. The principal products purchased from the Group are girls dresses and ladies dresses.	8 years	90 days credit terms, paid by wire transfer	56,635	29.4%	3,427	3,427	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer A	Customer A is a design-led British retailer covering many product groups, including fashion, homewares, furniture and gifts. It operates around 78 stores in the UK together with a transactional website. Customer A had turnovers of approximately GBP61.1 million and GBP69.0 million for the financial years ended 31 December 2017 and 31 December 2018, respectively. The principal products purchased from the Group are ladies dresses.	6 years	45 days credit terms, paid by wire transfer	10,811	5.6%	2,066	2,066	100.0%
Labelrail Company Limited ("**Labelrail**") *Note 1*	Labelrail was founded on 22 May 2017 in Hong Kong. It (i) sells its fast fashion products under its owned brand "Second Script", which target female customers, to end customers through its own website; and (ii) wholesales its own branded products with the provision of supply chain management services to online fashion retailers. Its products under the brand name "Second Script" are available on its own website and the websites of Zalando. The principal products purchased from the Group are ladies dresses and ladies tops.	2 years	Estimated Time of Arrival (ETA), 90 days credit terms, paid by wire transfer	6,052	3.1%	4,016	4,016	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer D *Note 2*	Customer D was incorporated in Witney, the UK in 2009. It is principally engaged in origination and production of exclusive ladies' clothing and fashion accessories for sale through its own retail outlets in the UK and Europe and to franchisees for sale through outlets in Europe, the Middle East and the Far East. It also sells products through its digital platform. For the year ended 25 February 2017, the group operated 226 concession stores in the UK, Ireland and Europe and 61 franchise stores worldwide, and the group employed an average of 1,115 employees in the same period. Its ultimate holding company reported a consolidated revenue of approximately GBP543.0 million and GPB545.0 million for the financial years ended 27 February 2017 and 25 February 2018, respectively. The principal products purchased from the Group are ladies dresses and ladies tops.	4 years	60 days credit terms, paid by wire transfer	5,092	2.8%	742	742	100.0%
Total				156,466	81.4%			

For the year ended 30 April 2019

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ASOS	ASOS was incorporated in London, the UK in 1998. It is a global online fashion retailer which targets young adults. Its products are mainly sold to the UK, the United States and European countries. As at 31 August 2018, ASOS employed 4,334 people, with the majority based at its headquarters in Camden, North London and with smaller teams in Paris, Birmingham, Berlin, New York and Atlanta. Its ultimate holding company is ASOS Plc, which is listed on the London Stock Exchange (stock code: ASC). ASOS Plc reported revenues of approximately GPB1,924.0 million and GBP2,417.0 million for the financial years ended 31 August 2017 and 31 August 2018, respectively. The principal products purchased from the Group are ladies dresses.	8 years	45 days credit terms, paid by wire transfer	76,949	37.6%	9,189	9,189	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Monsoon	Monsoon was incorporated in London, the UK in 1973. It is principally engaged in retailing of women's and children's clothing, accessories, homeware and gifts. As at 26 August 2017, it operated 187 stores (including 34 concessions) in the UK. Its holding company, Drillgreat Limited, had turnovers of approximately GBP422.0 million and GBP424.0 million for the periods ended 27 August 2016 and 26 August 2017, respectively. The principal products purchased from the Group are girls dresses and ladies dresses.	8 years	90 days credit terms, paid by wire transfer	41,503	20.3%	690	690	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer E *Note 3*	Customer E was established as a limited liability company in the PRC in 1998. It is principally engaged in manufacturing and retailing of garments. It has retail shop in the PRC and online shop under PRC online sale platform. The ultimate holding company of Customer E is listed on the Main Board of the Stock Exchange which had a reported revenue of approximately HK$965.9 million for the financial year ended 31 March 2019. Customer E mainly sells their garment products to the PRC, US and Canada, which contributed approximately HK$916 million sales to the revenue of the ultimate holding company for the financial year ended 31 March 2019. It owns at least 20 retail shops in the PRC and has approximately 2,800 employees. The principal products purchased from the Group are ladies jackets and ladies dresses.	1 year	45 days credit terms, paid by wire transfer	36,886	18.1%	13,188	13,188	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the year *(HK$'000)*	% of total revenue for the year	Trade and bills receivables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer F	Customer F was founded in 2005 in the US which is a private company. The company's line of business includes the wholesale distribution of women's, children's, and infants' clothing and accessories. Customer F outrightly sells the Group's products to one of its customers, which is one of the US key vendors in the global teleshopping market in 2019. The products would then be sold via its television channels and digital platforms. It has 12 employees. The principal products purchased from the Group are ladies pants.	1 year	15 days upon receipt of goods, paid by wire transfer	10,474	5.1%	10,474	10,474	100.0%
Labelrail *Note 1*	Labelrail was founded on 22 May 2017 in Hong Kong. It (i) sells its fast fashion products under its owned brand "Second Script", which target female customers, to end customers through its own website; and (ii) wholesales its own branded products with the provision of supply chain management services to online fashion retailers. Its products under the brand name "Second Script" are available on its own website and the websites of Zalando. The principal products purchased from the Group are ladies dresses, ladies skirts and ladies tops.	2 years	Estimated Time of Arrival (ETA), 90 days credit terms, paid by wire transfer	4,560	2.3%	2,310	2,310	100.0%
Total				170,372	83.4%			

For the six months ended 31 October 2019

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the six months ended 31 October 2019 *(HK$'000)*	% of total revenue for the six months ended 31 October 2019	Trade and bills receivables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ASOS	ASOS was incorporated in London, the UK in 1998. It is a global online fashion retailer which targets young adults. Its products are mainly sold to the UK, the United States and European countries. As at 31 August 2018, ASOS employed 4,334 people, with the majority based at its headquarters in Camden, North London and with smaller teams in Paris, Birmingham, Berlin, New York and Atlanta. Its ultimate holding company is ASOS Plc, which is listed on the London Stock Exchange (stock code: ASC). ASOS Plc reported revenues of approximately GPB1,924.0 million and GBP2,417.0 million for the financial years ended 31 August 2017 and 31 August 2018, respectively. The principal products purchased from the Group are ladies dresses.	8 years	45 days credit terms, paid by wire transfer	61,012	42.6%	28,359	28,029	98.8%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the six months ended 31 October 2019 *(HK$'000)*	% of total revenue for the six months ended 31 October 2019	Trade and bills receivables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer F	Customer F was founded in 2005 in the US which is a private company. The company's line of business includes the wholesale distribution of women's, children's, and infants' clothing and accessories. Customer F outrightly sells the Group's products to one of its customers, which is one of the US key vendors in the global teleshopping market in 2019. The products would then be sold via its television channels and digital platforms. It has 12 employees. The principal products purchased from the Group are ladies pants.	1 year	15 days upon receipt of goods, paid by wire transfer	31,293	21.9%	765	765	100.0%
Monsoon	Monsoon was incorporated in London, the UK in 1973. It is principally engaged in retailing of women's and children's clothing, accessories, homeware and gifts. As at 26 August 2017, it operated 187 stores (including 34 concessions) in the UK. Its holding company, Drillgreat Limited, had turnovers of approximately GBP422.0 million and GBP424.0 million for the periods ended 27 August 2016 and 26 August 2017, respectively. The principal products purchased from the Group are girls dresses and ladies dresses.	8 years	90 days credit terms, paid by wire transfer	14,793	10.3%	507	507	100.0%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the six months ended 31 October 2019 *(HK$'000)*	% of total revenue for the six months ended 31 October 2019	Trade and bills receivables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer E	Customer E was established as a limited liability company in the PRC in 1998. It is principally engaged in manufacturing and retailing of garments. It has retail shop in the PRC and online shop under PRC online sale platform. The ultimate holding company of Customer E is listed on the Main Board of the Stock Exchange which had a reported revenue of approximately HK$965.9 million for the financial year ended 31 March 2019. Customer E mainly sells their garment products to the PRC, US and Canada, which contributed approximately HK$916 million sales to the revenue of the ultimate holding company for the financial year ended 31 March 2019. It owns at least 20 retail shops in the PRC and has approximately 2,800 employees. The principal products purchased from the Group are ladies jackets and ladies dresses.	1 year	45 days credit terms, paid by wire transfer	11,117	7.8%	11,282	5,217	46.2%

Customer name	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Revenue for the six months ended 31 October 2019 *(HK$'000)*	% of total revenue for the six months ended 31 October 2019	Trade and bills receivables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Customer I	Customer I was founded in 2008 in Berlin, Germany. It is a European online fashion retailer which delivers to customers with a wide range of clothing, shoes and accessories from more than 2,000 brands. The principal products purchased from the Group are ladies dresses.	3 years	60 days credit terms, paid by wire transfer	8,900	6.2%	6,603	5,977	90.5%
Total				127,115	88.8%			

Notes:

(1) Labelrail is a private limited company incorporated in Hong Kong in May 2017. Its director is Mr. Tang Chi Ho ("**Mr. Tang**"), who is an ex-employee of the Group. Its immediate shareholder is Labelrail Group Holding Company Limited, which is a BVI company in turn held jointly as to 52.5% by Double E International Holding Company Limited, a BVI company wholly-owned by Mr. Tang, and as to 47.5% by Mr. Kelly Patrick Joseph ("**Mr. Patrick**"), a business partner of Mr. Tang, who is an Independent Third Party.

Labelrail has all along been funded by the personal resources of the shareholders of Labelrail and internal resources of Labelrail. Apart from Mr. Tang and Mr. Patrick, Labelrail had one full time brand manager during the two years ended 30 April 2019, for the six months ended 31 October 2019 and up to the Latest Practicable Date, respectively. The brand manager was not previously employed by the Group.

Labelrail generates its revenue through (i) sales of its fast fashion products under its owned brand "Second Script", which target female customers, to end customers through its own website; and (ii) wholesale its own branded products with the provision of supply chain management services to online fashion retailers. Over 90% of the sales of Labelrail covered in Germany.

The operation of Labelrail requires four core functions: sales and marketing, brand management and design, supply chain management and administration and finance.

1. sales and marketing

   For sales and marketing, Mr. Patrick is mainly responsible for sales and marketing which including liaising with customers for sales order and price negotiation and liaise with its third-party manufacturers for the production of sample and price quotation. He will meet with the customers to understand their requirements such as budgets and design preferences.

2. brand management

   For brand management and design, the brand manager is responsible for market research to keep up market trends and design the collection for their online platform.

3. supply chain management

   For supply chain management, Mr. Tang is responsible for the overall production management which includes, among other things, keep close contact with the third-party manufacturers to monitor production schedule and evaluating the performance of third-party manufacturers.

   The third-party suppliers were responsible for custom clearance in Hong Kong, while Labelrail directly engaged third parties to manage shipment arrangement and custom clearance in Germany. All the transportation costs and insurance were borne by Labelrail.

   Furthermore, Labelrail engaged a third-party logistics company (the "**Warehouse**") to provide a warehousing and distribution solution and inventory management service in Germany. The Warehouse is a worldwide shipping fulfillment provider and service provider for shipping and logistics based in Germany in Neuwied over 20 years. The Warehouse offers a warehousing and distribution solution for small online shops and start-ups up to worldwide shipping companies.

   For the apparel products sold through online channel, they would be shipped to the Warehouse that provides warehousing, packing and worldwide shipping services. Once Labelrail received order from its online platform, the Warehouse will help to pack and dispatch the apparel products to the customers.

   For the apparel products sold to fast fashion customers, they would be shipped directly to the designated warehouses of such customers.

4. Administration and Finance

   As the administration and finance function of Labelrail, it is understood that the responsibility is shared between the brand manager and Mr. Tang.

   The brand manager is also responsible for the administration work of Labelrail. Mr. Tang is responsible for managing and maintaining the finances of Labelrail including managing receivables and arranging payment to suppliers.

The Group was not the sole supplier of Labelrail for the two years ended 30 April 2019. The purchases from the Group attributable to approximately 95% and approximately 60% of Labelrail's cost of sales for the two years ended 30 April 2018 and 2019 respectively. Labelrail was profit-making for the two years ended 30 April 2018 and 2019 and had around HK$8.1 million in sales for the year ended 30 April 2019 with gross profit of approximately HK$1.7 million and gross profit margin of 21.3%.

The transactions between Labelrail and the Group during the Track Record Period were conducted on an arm's length basis as its normal commercial terms which within the Group's gross profit margins on sales to top five customers of approximately 22.5% to 27.2% and 20.0% to 24.3% for the two years ended 30 April 2019, and conditions were comparable to those between the Group and its other independent customers.

From May 2017 to October 2018, there were 46 transactions with an aggregate transaction amount of approximately HK$10.6 million. The delivery arrangement between the Group and Labelrail was on Free on Board ("**FOB**") origin basis all along. The Group was responsible for custom clearance in Hong Kong, while Labelrail directly engaged third parties to manage shipment arrangement and custom clearance in Germany. All the transportation costs and issuance were borne by Labelrail.

The last sales transaction between Labelrail and the Group was conducted on 30 October 2018. Subsequent to 30 October 2018 and up to the Latest Practicable Date, Labelrail kept requesting for orders quotation. Nonetheless, the Group and Labelrail could not reach an agreement on the terms, including unit price, shipping schedule and apparel style.

(2) Customer D went into liquidation on 5 June 2019. The Group has ceased the business relationship with Customer D since November 2018.

(3) Mr. Choi Ching Sing, the Executive Director of the Group and the Executive Director of the holding company of Customer E were schoolmates. Mr. Choi Ching Sing introduced the director to Mr. Charles Choi when they were young. Mr. Charles Choi met the director in a social event on 29 June 2018. Through their conversation, the director shared with Mr. Charles Choi that Customer E had a PRC local retail and online fashion brand which outsource the design and production to SCM service provider to target for better cost savings and effectiveness of the brand procurement activities.

    Mr. Charles Choi shared with the director that the Group is a comprehensive apparel designing and sourcing service provider, which include design and development, sourcing of suppliers, production and logistics management and quality assurance. By engaging the Group as their apparel designing and sourcing service provider, the customers can rely on the Group to meet their needs along the apparel supply chain. This is more cost-effective and time-efficient for the customers, as the customers do not have to separately engage different service providers for the services required for each step in the apparel supply chain.

    The director told Mr. Charles Choi that Customer E was interested to meet suppliers who sourced apparel products with design services and sourcing service. As such, the Group and Customer E began to explore the potential business opportunities. After certain business negotiations, the Group began the business relationship with Customer E.

Approved Suppliers

The Group has adopted and implemented written guidelines and policies governing its procedures in selecting new suppliers and monitoring the on-going performance of the Group's Approved Suppliers. The Group evaluates and selects a new supplier as its Approved Supplier based on various factors, such as experience in the apparel industry, reputation, technical capabilities, financial strength, staff resources, efficiency, quality control effectiveness, ethical practices and record of compliance with quality standards for apparel products. The Group will conduct an on-site inspection. During the Track Record Period, the Group's major Approved Suppliers for the manufacturing of apparel products are based in the PRC and Cambodia.

The following table sets out our top five suppliers during the Track Record Period:

Top 5 Suppliers of the Group

For the year ended 30 April 2017

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ACE Fashion (Shenzhen) Co., Limited* (合利高時裝(深圳)有限公司) ("**ACE**")	ACE was established as a limited liability company in the PRC in 2011 and operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and ladies tops.	5 years	60 days credit terms, paid by wire transfer and cheque	45,457	36.3%	209	209	100.0%
KC Fashion (Shenzhen) Co., Limited* (港絲時裝(深圳)有限公司) ("**KC**")	KC was established as a limited liability company in the PRC in 2008. It operates a factory in the PRC. Its business scope includes wholesale of apparel products. The principal products supplied to the Group are ladies dresses and girls dresses.	6 years	60 days credit terms, paid by wire transfer and cheque	30,892	24.7%	–	–	–

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2017 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Supplier A	Supplier A was established as a limited liability company in the PRC in 2000. It operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and ladies tops.	5 years	60 days credit terms, paid by wire transfer and cheque	21,922	17.5%	143	143	100.0%
Tonvex Garment Company Limited* (中山市通偉服裝有限公司) ("**Tonvex**")	Tonvex was established as a limited liability company in the PRC in 2009 and operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and ladies tops.	4 years	60 days credit terms, paid by cheque	18,264	14.6%	508	508	100.0%
Supplier B	Supplier B was incorporated as a limited liability company in Hong Kong in 2015 and operates a factory in the PRC. The principal products supplied to the Group are ladies dresses.	3 years	30% Deposit, 70% after shipment, paid by cheque	1,585	1.3%	165	165	100.0%
Total				118,120	94.4%			

For the year ended 30 April 2018

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ACE	ACE was established as a limited liability company in the PRC in 2011 and operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and ladies tops.	5 years	60 days credit terms, paid by wire transfer and cheque	69,781	49.4%	4,812	4,812	100.0%
KC	KC was established as a limited liability company in the PRC in 2008. It operates a factory in the PRC. Its business scope includes wholesale of apparel products. The principal products supplied to the Group are ladies dresses and girls dresses.	6 years	60 days credit terms, paid by wire transfer and cheque	29,120	21.0%	–	–	–
Elegant Fashion Trading Company Limited ("**Elegant**") *Note 1*	Elegant (formerly known as "Fancy China Trading Limited") was incorporated as a limited liability company in Hong Kong in 2016 and operates a factory in the PRC. It trades with the Group through its subsidiary, Elegant (Yudu), which was established as a limited liability company in the PRC in 2011 and its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and girls dresses.	8 years	30 days credit terms, paid by cheque	21,579	15.6%	3,454	3,454	100.0%

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2018 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Supplier C	Supplier C was a limited liability company incorporated in Hong Kong in 2016 and operates a factory in the PRC. The principal products supplied to the Group are ladies denims.	3 years	30% deposit, 70% to be paid within 15 days after shipment, paid by cheque	3,071	2.3%	356	356	100.0%
Gang Lian Garment Trading Limited ("**Gang Lian**")	Gang Lian was a limited liability company incorporated in Hong Kong in 2016 and operates a factory in the PRC. The principal products supplied to the Group are ladies swimwear.	3 years	60 days credit terms, paid by cheque	2,835	2.3%	4	4	100.0%
Total				126,386	90.6%			

For the year ended 30 April 2019

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ACE	ACE was established as a limited liability company in the PRC in 2011 and operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses.	5 years	60 days credit terms, paid by wire transfer/ cheque	49,791	33.0%	3,083	3,083	100.0%
Elegant *Note 1*	Elegant (formerly known as "Fancy China Trading Limited") was a limited liability incorporated in Hong Kong in 2016 and operates a factory in PRC. It trades with the Group through its subsidiary, Elegant (Yudu), which was established as a limited liability company in the PRC in 2011 and its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and girls dresses.	8 years	30 days credit terms, paid by cheque	44,648	29.6%	2,275	2,275	100.0%
Sunny Honest International Limited ("**Sunny Honest**")	Sunny Honest is a company incorporated in Hong Kong on 14 November 2007 with limited liability and it operates a factory in the PRC. They mainly produce knitted garments, underwear and sport suits. Their target markets are North America and Western Europe. The principal products supplied to the Group are ladies bras and ladies lingerie.	2 years	15 days credit terms, paid by wire transfer/ cheque	8,966	5.9%	107	107	100.0%

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the year *(HK$'000)*	% of total purchase for the year	Trade payables as at 30 April 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Haitan HB (Hong Kong) Limited("**Haitan**")	Haitan was a limited company incorporated in Hong Kong in 2018 and operates a factory in Cambodia. The principal products supplied to the Group are ladies pants.	1 year	50% deposit within 21 days and remaining balance 15 days after shipment, paid by cheque	8,379	5.6%	–	–	–
Supplier F *Note 2*	Supplier F was established under the laws of the PRC as a limited liability company in 2014 and it operates a factory in the PRC. It mainly targets high end PRC customers and has approximately 60 employees. The principal products supplied to the Group are ladies tops and ladies dresses.	1 year	30 days credit terms, paid by wire transfer	6,948	4.6%	4,115	4,115	100.0%
Total				118,732	78.7%			

For the six months ended 31 October 2019

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the six months ended 31 October 2019 *(HK$'000)*	% of total purchase for the six months ended 31 October 2019	Trade payables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
ACE	ACE was established as a limited liability company in the PRC in 2011 and operates a factory in the PRC. Its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses.	5 years	60 days credit terms, paid by wire transfer/ cheque	34,129	31.7%	7,509	7,395	98.5%
Haitan	Haitan was a limited company incorporated in Hong Kong in 2018 and operates a factory in Cambodia. The principal products supplied to the Group are ladies pants.	1 year	50% deposit within 21 days and remaining balance 15 days after shipment, paid by cheque	25,257	23.4%	–	–	–
Elegant *Note 1*	Elegant (formerly known as "Fancy China Trading Limited") was a limited liability incorporated in Hong Kong in 2016 and operates a factory in PRC. It trades with the Group through its subsidiary, Elegant (Yudu), which was established as a limited liability company in the PRC in 2011 and its business scope includes manufacturing of apparel products. The principal products supplied to the Group are ladies dresses and girls dresses.	8 years	30 days credit terms, paid by cheque	19,696	18.3%	–	–	–

Supplier	Background	Years of relationship with the Group *(approximately)*	Usual credit terms and payment method	Purchase for the six months ended 31 October 2019 *(HK$'000)*	% of total purchase for the six months ended 31 October 2019	Trade payables as at 31 October 2019 *(HK$'000)*	Subsequent settlement up to 28 February 2020 *(HK$'000)*	% of subsequent settlement up to 28 February 2020
Sunny Honest	Sunny Honest is a company incorporated in Hong Kong on 14 November 2007 with limited liability and it operates a factory in the PRC. They mainly produce knitted garments, underwear and sport suits. Their target markets are North America and Western Europe. The principal products supplied to the Group are ladies bras and ladies lingerie.	2 years	15 days credit terms, paid by wire transfer/ cheque	6,445	6.0%	1,202	1,202	100.0%
Zhuhai Yujia City Garment Co., Ltd. ("**Yujia**")	Yujia was established under the laws of the PRC as a limited liability company in 2012 and its business scope includes wholesale of apparel products. The principal products supplied to the Group are ladies knitwear.	1 year	30 days credit terms, by wire transfer	2,526	2.3%	1,956	961	49.1%
Total				88,053	81.7%			

Note:

(1) Ms. Kate Tang, the spouse of Mr. Charles Choi, was the ultimate beneficial owner of KC Global (Holdings) Limited ("**KC BVI**"), being the holding company of KC Global (Holdings) Limited ("**KC HK**"), KC Fashion (Shenzhen) Co., Limited and Elegant Fashion (Yudu) Company Limited ("**Elegant Yudu**") before she disposed of the entire issued share capital of KC BVI to an Independent Third Party, on 4 July 2015. The amount of consideration was reference to (i) valuation report by an independent professional valuer; and (ii) the financial results. As he worked as an investment banker and he was making the investment in KC BVI for himself through his employment and personal investment. KC HK, being the immediate holding company of Elegant Yudu, sold the entire issued share capital of Elegant Yudu to Elegant in August 2017. The ultimate beneficial owners of KC HK and Elegant are both Independent Third Parties.

(2) With the satisfactory results of (i) quality control on apparel products, (ii) garment testing which were performed by independent testing office, and (iii) the Group's customer satisfaction, Supplier F shows its capabilities to support the orders placed by the Group. The number of pieces of garments purchased from Supplier F was 144,831 and 53,114 for the year ended 30 April 2019 and for the six months ended 31 October 2019, respectively. Online fast fashion industry orders are characterised with fast and small order quantities. It is also common for manufacturers such as Supplier F to adopt and adjust its production capacity in hiring part-time workers in production to meet the sudden demand in orders.

Raw materials

The Group relies on some of its Approved Suppliers to source the raw materials required for producing product samples for bulk production of the final apparel products. The Group did not enter into any long-term raw materials supply agreements with the raw material providers.

The Group established its supplier network through setting up a PRC subsidiary as its sourcing office and it may provide fabric supply to its Approved Suppliers using its supplier network (the "**Fabric Arrangement**") during the negotiation of the purchase order since October 2017. The Group can procure a relatively lower price of fabric than its Approved Supplier by building a wide range of supplier network and strong sourcing team in PRC and the Group reputation. The Group will first purchase those fabric and re-sell those fabric to the Approved Suppliers without any mark-up and because the Group is an apparel designing and sourcing service provider, and procuring fabric on behalf of the Approved Suppliers does not consider as the Group's principal business, therefore, the purchase and re-sell of fabric transactions are recorded under the account "Other income" in the Group's consolidated statement of profit or loss. Since the Group will re-sell those fabric to the Approved Suppliers at the original purchase price, the net amount recognized in the Group's consolidated statement of profit or loss were nil during track record period. Though the Group is responsible for fabric delivery, the fabric suppliers or Approved Suppliers would bear the transportation costs. The Group delivers the fabric to the destinations designated by the Approved Suppliers. The Group agreed with the Approved Suppliers to settle the fabric costs after the day the Group settled the apparel costs of the corresponding purchase orders.

The Group has provided such Fabric Arrangement to two of its Approved Suppliers (i.e. ACE and Elegant). The amount of purchases of final apparel products under such arrangement and attributable to these two Approved Suppliers was approximately HK$43.0 million, HK$89.8 million and HK$52.0 million for the two years ended 30 April 2019 and the six months ended 31 October 2019, respectively. The costs saved by the Group from the Fabric Arrangement with these two Approved Suppliers amounted to approximately HK$0.5 million, HK$1.6 million and HK$0.9 million for the two years ended 30 April 2019 and the six months ended 31 October 2019, respectively. Apparel products supplied by these two Approved Suppliers were subsequently supplied to 17, 18 and 11 customers of the Group, who in aggregate contributed approximately HK$60.1 million and HK$120.8 million and HK$70.5 million to the Group's revenue for the two years ended 30 April 2019 and the six months ended 31 October 2019, respectively (these customers mainly consist of ASOS, Monsoon, Labelrail, Customer G and Customer A for the year ended 30 April 2018; ASOS, Monsoon, Customer A, Labelrail and Customer H for the year ended 30 April 2019; and ASOS, Monsoon, Customer H, Customer C and Customer S for the six months ended 31 October 2019, who in aggregate contributed approximately HK$53.0 million, HK$108.6 million and HK$67.7 million to the Group's revenue, respectively).

THE KEY FINANCIAL INFORMATION OF THE GROUP

Operating Performance

The table below sets out the breakdown of the Group's revenue by products/services during the Track Record Period:

	Year ended 30 April			Six months ended 31 October	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Womenswear	136,405	159,412	180,032	84,125	136,152
Childrenswear	26,100	30,203	19,720	9,589	5,730
Menswear	–	–	92	93	–
Consultation services	3,298	2,900	4,539	2,892	1,200
Total	**165,803**	**192,515**	**204,383**	**96,699**	**143,082**

The table below sets out information about the Group's revenue from customers based on the geographic locations of where the customers received the goods provision of services during the Track Record Period:

	Year ended 30 April						Six months ended 31 October			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)		(Unaudited)	
Revenue from customers										
UK	151,814	91.6	152,839	79.4	109,313	53.5	55,360	57.2	55,615	38.9
US	1,870	1.1	498	0.3	16,088	7.9	201	0.2	43,678	30.5
Germany	1,394	0.8	28,170	14.6	30,391	14.9	17,123	17.7	29,065	20.3
PRC	–	–	122	0.1	36,886	18.0	19,547	20.2	11,117	7.8
Ireland	4,591	2.8	3,720	1.9	2,517	1.2	1,281	1.3	1,275	0.9
Hong Kong	3,298	2.0	2,959	1.5	7,657	3.7	2,914	3.0	1,200	0.8
Singapore	–	–	1,144	0.6	262	0.1	262	0.3	–	–
Spain	2,836	1.7	2,453	1.3	11	0.1	11	0.1	–	–
Others	–	–	610	0.3	1,258	0.6	–	–	1,132	0.8
Total	**165,803**	**100.0**	**192,515**	**100.0**	**204,383**	**100.0**	**96,699**	**100.0**	**143,082**	**100.0**

KEY COMPONENTS IN THE CONSOLIDATED INCOME STATEMENT OF THE GROUP

The table below sets out the key items of the Group's consolidated statement of profit or loss and other comprehensive income during the Track Record Period:

	Year ended 30 April			Six months ended 31 October	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Revenue	165,803	192,515	204,383	96,699	143,082
Gross Profit	39,819	50,251	50,632	22,949	35,146
Administrative expenses	(6,030)	(9,780)	(10,135)	(4,983)	(6,857)
Selling and distribution expenses	(7,461)	(9,689)	(9,280)	(4,740)	(7,897)
Listing expenses	(11,186)	–	–	–	–
Professional fee in relation to Transfer of Listing	–	–	(5,922)	(5,135)	(1,905)
Income tax expenses	(4,650)	(5,868)	(6,228)	(1,793)	(3,978)
Profit for the year	**6,208**	**23,551**	**18,321**	**3,119**	**12,771**

Non-HKFRS measures

We recognised non-recurring items in the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented the adjusted net profit, and adjusted net profit margin as Non-HKFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of non-recurring listing expenses which is considered not indicative for evaluation of the actual performance of our business. We believe that these Non-HKFRS measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth the adjusted net profit and adjusted net profit margin in each respective year/period during the Track Record Period:

	Year ended 30 April			Six months ended 31 October	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Profit for the year/period	6,208	23,551	18,321	3,119	12,771
Add: Listing expenses	11,186	–	–	–	–
Add: Professional fee in relation to Transfer of Listing	–	–	5,922	5,135	1,905
Adjusted net profit for the year/period[(1)]	17,394	23,551	24,243	8,254	14,676
Adjusted net profit margin for the year/period[(2)]	10.5%	12.2%	11.9%	8.5%	10.3%

Note:

(1) Adjusted net profit for the year/period is derived by adding back the listing expenses and the professional fee in relation to Transfer of Listing.

(2) Adjusted net profit margin is based on the adjusted net profit divided by the revenue during the year/period.

Revenue

Comparison of the Group's results for the six months ended 31 October 2018 and six months ended 31 October 2019

The Group's revenue increased to approximately HK$143.1 million for the six months ended 31 October 2019 from approximately HK$96.7 million for the six months ended 31 October 2018, representing an increase of approximately 48.0%. Such an increase in the Group's revenue was mainly attributable to the increase in sales generated from two major customers, ASOS and Customer F, which amounted to approximately HK$26.5 million and HK$31.3 million respectively, which is offset by the decrease in sales generated from Customer E of approximately HK$8.4 million.

For the six months ended 31 October 2019, revenue from the UK customers, the Group's core customers bases, continued to contribute the largest portion of the Group's revenue even there was a significant growth in revenue from the US customers as compared to the six months ended 31 October 2018.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

The Group's revenue increased by approximately 6.2% to approximately HK$204.4 million for the year ended 30 April 2019 from approximately HK$192.5 million for the year ended 30 April 2018. Such an increase in the Group's revenue was mainly due to the sales generated from two new customers (i.e. Customer E and Customer F, which operate in the PRC and the US, respectively) amounting to approximately HK$47.4 million, which was partly offset by the decrease in the amount of apparel products sold to the Group's nine existing customers (including mainly Monsoon and Customer A) amounting to approximately HK$34.7 million.

The decrease in revenue generated from the UK customers, from approximately HK$152.8 million for the year ended 30 April 2018 to approximately HK$109.3 million for the year ended 30 April 2019, was mainly attributable to the (a) weak retail customers demand for several UK customers and (b) general uncertainty about the UK economy, leading to (i) a more cautious and risk adverse approach implemented by the Group when dealing with the corresponding UK customers and (ii) a drop of sales orders from the corresponding UK customers. In addition, one of the Group's customers, Customer D became insolvent and went into liquidation in June 2019, resulted in a further decrease in sales generated from the UK customers. For instance, the sales generated from Monsoon, Customer A, Customer C and Customer D decreased by approximately HK$25.4 million in total during the aforementioned period. In addition, one of the Group's customers, Customer D, went into administration in October 2018, resulted in a further decrease in sales generated from the UK customers by HK$2.3 million.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's revenue increased to approximately HK$192.5 million for the year ended 30 April 2018 from approximately HK$165.8 million for the year ended 30 April 2017, representing an increase of approximately 16.1%. The increase was mainly attributable to an increase in sales generated from the Group's major customer, ASOS, amounting to approximately HK$22.5 million, and an increase in sales of apparel products generated from Labelrail, being one of the top five customers for the year ended 30 April 2018, amounting to approximately HK$6.1 million. Such increase in sales was partly offset by the decrease in the sales generated from the Group's major customer Monsoon by approximately HK$4.1 million.

Gross profit

Comparison of the Group's results for the six months ended 31 October 2018 and six months ended 31 October 2019

The Group's gross profit increased to approximately HK$35.1 million for the six months ended 31 October 2019 from approximately HK$22.9 million for the six months ended 31 October 2018, representing an increase of approximately 53.3%. The Group's gross profit margin was approximately 24.6% for the six months ended 31 October 2019 and approximately 23.7% for the six months ended 31 October 2018. The increase in gross profit and gross profit margin were mainly attributable to the enhancement of sourcing services provided by the Group.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

The Group's gross profit increased to approximately HK$50.6 million for the year ended 30 April 2019 from approximately HK$50.3 million for the year ended 30 April 2018, representing an increase of approximately 0.6%. The Group's gross profit margin was approximately 24.8% for the year ended 30 April 2019 and approximately 26.1% for the year ended 30 April 2018. The decrease in gross profit margin was mainly due to the sales to a new US customer and a new PRC customer which lowered the gross profit margin as we offered competitive pricing to them in order to tap into new markets and establish long-term relationships. This offset the effect brought by the sales to some customers (including mainly ASOS, Monsoon, Labelrail, Customer G and Customer A) with higher gross profit margins attributable to costs saved from providing the Fabric Arrangement to two of the Group's Approved Suppliers. By offering the Fabric Arrangement, the Group was able to obtain relatively lower prices from such Approved Suppliers for apparel products to be supplied to the Group's customers.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's gross profit increased to approximately HK$50.3 million for the year ended 30 April 2018 from approximately HK$39.8 million for the year ended 30 April 2017, representing an increase of approximately 26.4%. The Group's gross profit margin was approximately 26.1% for the year ended 30 April 2018 and approximately 24.0% for the year ended 30 April 2017, representing an increase of approximately 2.1%, which was relatively stable. The slight increase in gross profit margin was mainly attributable to (i) the Group has improved its supplier network by setting up a sourcing office in Shenzhen; (ii) the costs saved from providing the Fabric Arrangement to the two Approved Suppliers; and (iii) the increase in gross profit margin recorded for Monsoon from approximately 21.7% for the year ended 30 April 2017 to 27.2% for the year ended 30 April 2018 due to the change in the Group's strategy to focus in Monsoon's purchase order with higher average selling price and thus his/her profit margin. Take for instance, during the said period, such average selling price per unit increased from HK$98.9 to HK$120.2. In addition, Monsoon increased its purchase of children's apparel, which is generally considered to have a higher gross profit margin for the Group for the year ended 30 April 2018.

Administrative expenses

Comparison of the Group's results for six months ended 31 October 2018 and the six months ended 31 October 2019

Administrative expenses primarily consist of employee benefit expenses, travelling expenses, depreciation of property, plant and equipment and right-of-use asset and other miscellaneous general and administrative expenses. Administrative expenses increased to approximately HK$6.9 million for the six months ended 31 October 2019 from approximately HK$5.0 million for the six months ended 31 October 2018, representing an increase of approximately 38.0%. Such an increase was mainly due to the increase in depreciation expenses and staff salaries for the six months ended 31 October 2019.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

Administrative expenses increased to approximately HK$10.1 million for the year ended 30 April 2019 from approximately HK$9.8 million for the year ended 30 April 2018, representing an increase of approximately 3.1%. The increase was mainly due to the increase in depreciation expenses as a result of the Group's acquisition of the Property in October 2018 for the purpose of setting up a new showroom.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's administrative expenses increased to approximately HK$9.8 million for the year ended 30 April 2018 from approximately HK$6.0 million for the year ended 30 April 2017, representing an increase of approximately 63.3%. The increase was mainly attributable to an increase in professional fees associated with compliance related work after the Listing by approximately HK$0.8 million, an increase in directors' remuneration by approximately HK$0.8 million and an increase in general office expenses incurred by a subsidiary amounting to approximately HK$1.4 million due to the Group's set up of a PRC subsidiary as sourcing office in the PRC since August 2017.

Selling and distribution expenses

Comparison of the Group's results for the six months ended 31 October 2018 and six months ended 31 October 2019

The Group's selling and distribution expenses increased to approximately HK$7.9 million for the six months ended 31 October 2019 from approximately HK$4.7 million for the six months ended 31 October 2018, representing an increase of approximately 68.1%. The increase in the Group's selling and distribution expenses mainly due to the increase in agency fee due to a US major customer and staff salaries for the six months ended 31 October 2019.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

The Group's selling and distribution expenses decreased to approximately HK$9.3 million for the year ended 30 April 2019 from approximately HK$9.7 million for the year ended 30 April 2018, representing a decrease of approximately 4.1%. The decrease was mainly due to the decrease in staff salaries as the Group recruited sourcing staff in the PRC which offered a competitive salary range.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's selling and distribution expenses increased to approximately HK$9.7 million for the year ended 30 April 2018 from approximately HK$7.5 million for the year ended 30 April 2017, representing an increase of approximately 29.3%. The increase was mainly attributable to an increase in freight expenses amounting to approximately HK$1.9 million and an increase in staff cost amounting to approximately HK$0.2 million which were in line with the increase in revenue for the year ended 30 April 2018.

Income tax expenses

Comparison of the Group's results for the six months ended 31 October 2018 and six months ended 31 October 2019

The Group's income tax expenses increased to approximately HK$4.0 million for the six months ended 31 October 2019 from approximately HK$1.8 million for the six months ended 31 October 2018, representing an increase of approximately 122.2%. The increase was mainly attributable to the increase in revenue of a subsidiary for the six months ended 31 October 2019.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

The Group's income tax expenses increased to approximately HK$6.2 million for the year ended 30 April 2019 from approximately HK$5.9 million for the year ended 30 April 2018, representing an increase of approximately 5.1%. The increase was mainly attributable to the net off effect of (i) the increase in revenue of the PRC subsidiary for the year ended 30 April 2019, and (ii) that non-deductible impairment loss on trade receivable were recognised for the year ended 30 April 2019.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's income tax expenses increased to approximately HK$5.9 million for the year ended 30 April 2018 from approximately HK$4.7 million for the year ended 30 April 2017, representing an increase of approximately 25.5%. The increase was mainly attributable to the net off effect of (i) the increase in revenue of the Group for the year ended 30 April 2018, and (ii) no non-deductible Listing expenses were incurred for the year ended 30 April 2018.

Profit for the year/period

Comparison of the Group's results for the six months ended 31 October 2018 and six months ended 31 October 2019

The Group's profit for the six months ended 31 October 2019 increased to approximately HK$12.8 million from approximately HK$3.1 million for the six months ended 31 October 2018, representing an increase of approximately 312.9%. Such increase was mainly attributable to the increase in revenue and gross profit abovementioned, which was partly offset by the increase in administrative expenses of approximately HK$1.9 million during the six months ended 31 October 2019.

The Group's adjusted net profit margin increased from approximately 8.5% for the six months ended 31 October 2018 to approximately 10.3% for the six months ended 31 October 2019. Such increase was mainly due to the improvement of the Group's foreign exchange losses.

Comparison of the Group's results for the year ended 30 April 2018 and the year ended 30 April 2019

The Group's profit for the year ended 30 April 2019 decreased to approximately HK$18.3 million from approximately HK$23.6 million for the year ended 30 April 2018, representing a decrease of approximately 22.5%. Such decrease was mainly attributable to the net effect of the increase in non-recurring professional fees in relation to the Transfer of Listing by approximately HK$5.9 million and the increase in foreign exchange losses by approximately HK$2.3 million due to the depreciation of GBP during the year ended 30 April 2019, which was partly offset by the decrease in impairment loss by approximately HK$2.6 million due to the reversal of impairment loss recognised on trade receivables made for the year ended 30 April 2019.

The Group's adjusted net profit margin decreased from approximately 12.2% for the year ended 30 April 2018 to approximately 11.9% for the year ended 30 April 2019. Such decrease was mainly due to (i) the Group's foreign exchange losses increased to approximately HK$2.7 million for the year ended 30 April 2019 from approximately HK$0.4 million for the year ended 30 April 2018; (ii) the Group recorded a reversal of impairment loss recognised on trade receivables of approximately HK$1.4 million for the year ended 30 April 2019 due to the adoption of HKFRS 9 and thus there was a change of credit risk exposures of the Group's trade receivables, while there was no such change in the Group's accounting policy for the year ended 30 April 2018.

Comparison of the Group's results for the year ended 30 April 2017 and the year ended 30 April 2018

The Group's profit for the year ended 30 April 2018 increased by approximately 280.6% to approximately HK$23.6 million from approximately HK$6.2 million for the year ended 30 April 2017, which was mainly due to an absence of non-recurring Listing expenses by approximately HK$11.2 million and the Group's foreign exchange losses of approximately HK$3.6 million as (i) the fluctuation in the exchange rate of GBP against Hong Kong Dollar was moderate; and (ii) the change in invoicing currency of sales from GBP to US$, during the year ended 30 April 2018 compared to the same period in the previous year.

The Group's adjusted net profit margin increased from approximately 10.5% for the year ended 30 April 2017 to approximately 12.2% for the year ended 30 April 2018. Such increase was mainly due to the Group's foreign exchange losses of approximately HK$4.0 million for the year ended 30 April 2017 which decreased to approximately HK$0.4 million for the year ended 30 April 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

The table below sets out the Group's consolidated statement of financial position during the Track Record Period:

	As at 30 April			As at 31 October
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Non-current assets				
Property, plant and equipment	2,996	3,699	18,422	22,168
Right-of-use assets	–	–	–	2,756
Intangible assets	–	–	801	886
Deposit paid for acquisition of intangible assets	–	–	2,000	2,000
Deposit paid for renovation of a leasehold property	–	–	3,450	2,292
Deferred tax assets	14	–	55	–
	3,010	3,699	24,728	30,102
Current assets				
Inventories	1,913	1,995	2,993	4,443
Trade, bills and other receivables	18,429	50,632	73,397	86,517
Bank balances and cash	59,000	62,658	44,159	44,414
	79,342	115,285	120,549	135,374
Current liabilities				
Contract liabilities	–	–	632	1,253
Trade and other payables	3,723	18,387	27,900	29,034
Obligation under a finance lease	347	358	30	–
Lease liabilities	–	–	–	1,158
Tax payables	7,504	5,581	6,962	10,582
	11,574	24,326	35,524	42,027
Net current assets	67,768	90,959	85,025	93,347
Total assets less current liabilities	70,778	94,658	109,753	123,449
Non-current liabilities				
Obligation under a finance lease	388	30	–	–
Lease liabilities	–	–	–	1,763
Deferred tax liabilities	–	46	–	61
	388	76	–	1,824
Net assets	70,390	94,582	109,753	121,625
Capital and reserves				
Share capital	320	320	320	320
Reserves	70,070	94,262	109,433	121,305
Total equity	70,390	94,582	109,753	121,625

Property, Plant and Equipment

During the Track Record Period, the Group's property, plant and equipment comprised leasehold property, fixture and furniture, leasehold improvement, motor vehicle and construction-in-progress. The Group's property, plant and equipment as at 31 October 2019 amounted to approximately HK$22.2 million, which increased by approximately HK$3.8 million as compared with the balance as at 30 April 2019. The increase was mainly attributable to the increase in construction-in-progress related to the renovation of the Property of approximately HK$1.8 million and acquisition of a new motor vehicle of approximately HK$0.9 million the six months ended 31 October 2019.

The Group's property, plant and equipment as at 30 April 2019 amounted to approximately HK$18.4 million, which increased by approximately HK$14.7 million as compared with the balance as at 30 April 2018. The increase was mainly attributable to the acquisition of the Property in October 2018 for the purpose of setting up a new showroom of approximately HK$15.5 million.

The Group's property, plant and equipment as at 30 April 2018 amounted to approximately HK$3.7 million, which increased by approximately HK$0.7 million as compared with the balance as at 30 April 2017. The increase was mainly attributable to the addition of approximately HK$1.1 million worth of fixture and furniture, which mainly consisted of general office furniture and equipment used in a subsidiary as the Group had expanded its operations in the PRC since August 2017 for the year ended 30 April 2018.

Intangible Asset

The Group's intangible asset amounted to approximately HK$0.8 million and approximately HK$0.9 million as at 30 April 2019 and 31 October 2019, respectively. The intangible asset acquired by the Group is a brand called "LOST INK". The brand is a boutique brand which operates fashion ecommerce platforms Dafiti, LaModa, Namshi, Zalora and The Iconic before the Group acquired it. The Group believed that the acquisition of the brand would help to expand the range of product types and online fashion channel.

The vendor of the brand is an Independent Third Party. The consideration was £50,000. Moreover, the Group acquired the copyright, domain and product development service of LOST INK from Lost Ink Limited (a company incorporated in the UK) with a consideration of £33,676.87. The consideration was determined by the sales forecast for the acquisition of the brand prepared by the Group and the other estimated costs.

Inventories

During the Track Record Period, the Group's inventories comprised goods in transit for its customers. It is the policy of the Group that it does not maintain any inventory.

The Group's inventories as at 31 October 2019 amounted to approximately HK$4.4 million, which increase by approximately HK$1.4 million as compared with the balance as at 30 April 2019 of approximately HK$3.0 million. The increase was mainly attributable to the increase in goods in transit of delivered-duty-paid orders of approximately HK$0.5 million in October 2019 compared to the 30 April 2019 from a major customer, which are expected to be recognised as revenue in November 2019.

The Group's inventories as at 30 April 2019 amounted to approximately HK$3.0 million, which increased by approximately HK$1.0 million as compared with the balance as at 30 April 2018 of approximately HK$2.0 million. The increase was mainly attributable to the increase in goods in transit of delivered-duty-paid orders in April 2019 compared to the same period in the previous year from a major customer, which are expected to be recognised as revenue in May 2019.

The Group's inventories as at 30 April 2018 amounted to approximately HK$2.0 million, which was similar to the balances as at 30 April 2017.

As at the Latest Practicable Date, all of the Group's inventories amounted to approximately HK$4.4 million as at 31 October 2019 had been fully utilized.

Trade, Bills and Other Receivables

During the Track Record Period, the Group's trade, bills and other receivables comprised trade receivables, bill receivables, other receivables and deposits.

The following table sets out the breakdown of the Group's trade, bills and other receivables as at the dates indicated:

	As at 30 April			As at 31 October
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Trade receivables	16,494	39,386	57,100	58,826
Less: allowance for doubtful debts/credit loss	(259)	–	(1,441)	(2,958)
	16,235	39,386	55,659	55,868
Bills receivables	457	799	–	–
	16,692	40,185	55,659	55,868
Other receivables	1,737	10,447	23,188	34,941
Total trade, bills and other receivables	**18,429**	**50,632**	**78,847**	**90,809**

	As at 30 April			As at 31 October
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Analysis for reporting purpose as				
Non-current assets	–	–	5,450	4,292
Current assets	18,429	50,632	73,397	86,517
	18,429	50,632	78,847	90,809

The Group's trade, bills and other receivables as at 31 October 2019 amounted to approximately HK$90.8 million, which increase by approximately HK$12.0 million as compared with the balance as at 30 April 2019. Such increase was mainly attributable to an increase in other receivables due to purchase deposit paid to suppliers of approximately HK$8.3 million.

The Group's trade, bills and other receivables as at 30 April 2019 amounted to approximately HK$78.8 million, which increased by approximately HK$28.2 million as compared with the balance as at 30 April 2018. The increase in trade, bills and other receivables was mainly attributable to an increase in trade receivables from two new customers by approximately HK$23.6 million in aggregate, which was mainly due to an increase in sales generated from these two new customers from July 2018 and October 2018. The increase in other receivables was mainly attributable to (i) a deposit paid to a supplier for the purchase that will be shipped in May 2019 amounting to approximately HK$3.6 million; (ii) a deposit paid for the acquisition of an intangible asset amounting to approximately HK$2.0 million of which related to the online showroom which will showcase the Group's in-house designed collections and the latest trends of fashion and lifestyle; and (iii) a deposit paid for the renovation of a leasehold property amounting to approximately HK$3.5 million.

The Group's trade, bills and other receivables as at 30 April 2018 amounted to approximately HK$50.6 million, which increased by approximately HK$32.2 million as compared with the balance as at 30 April 2017. The increase in trade, bills and other receivables was mainly attributable to (i) an increase in trade receivables from two major customers by approximately HK$9.5 million in aggregate, which was mainly due to an increase in sales generated from ASOS and Monsoon in April 2018 compared to the same period in 2017; (ii) an increase in trade receivables by approximately HK$8.2 million which was mainly due to the trade receivables arising from the supply of fabric to one of the two Approved Suppliers under the Fabric Arrangement; (iii) an increase in trade receivables by approximately HK$4.0 million, which was due to the increase in sales generated from a new customer, Labelrail; and (iv) an increase in value-added tax receivables by approximately HK$6.2 million for the year ended 30 April 2018 due to the increase in purchase in the PRC as the Group had set up a PRC subsidiary as sourcing office in the PRC since August 2017. The Group has written off trade receivables with an aggregate balance of approximately HK$1.5 million for the year ended 30 April 2018 (2017: Nil) as the management assessed these balances were irrecoverable.

As at the Latest Practicable Date, approximately HK$47.3 million, representing 80.3% of the Group's trade and bills receivable balances as at 31 October 2019 had been settled.

Ageing analysis of trade and bills receivables

The following table sets out the ageing analysis of the Group's trade and bills receivables (net of allowance for doubtful debts/credit loss) based on the invoice dates as at the dates indicated, which approximate the revenue recognition dates:

				As at
		As at 30 April		**31 October**
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Within 60 days	12,284	32,018	34,947	47,348
61 to 180 days	3,636	8,000	14,926	7,316
181 to 365 days	415	151	5,416	1,008
Over 365 days	357	16	370	196
Total trade and bills receivables	**16,692**	**40,185**	**55,659**	**55,868**

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$6.6 million, HK$7.8 million, HK$25.6 million and HK$29.6 million as at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, respectively, which were past due at the end of the relevant financial year for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

For the Track Record Period, the Group's trade and bills receivables' turnover days were approximately 36, 54, 86 and 72 for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively, which were within the credit terms of up to 60 days the Group generally offered to its customers and of up to 90 days the Group generally offered to its major customers.

The main reason for the decrease in the trade and bills receivables' turnover days for the six months ended 31 October 2019 mainly due to the better credit control from the new US customer.

The main reason for the increase in the trade and bills receivables' turnover days for the year ended 30 April 2019 was the increase in trade receivables from two new major customers by approximately HK$23.6 million in aggregate, which was mainly due to an increase in sales generated from Customer E and Customer F in March and April 2019.

The main reason for the increase in the trade and bills receivables' turnover days for the year ended 30 April 2018 was the increase in trade receivables from two major customers by approximately HK$9.5 million in aggregate, which was mainly due to an increase in sales generated from ASOS and Monsoon in April 2018 as compared to the same period in 2017.

Trade and Other Payables

During the Track Record Period, the Group's trade and other payables comprised trade payables, accruals and other payables.

The Group's trade and other payables as at 31 October 2019 amounted to approximately HK$29.0 million, which increased by approximately HK$1.1 million as compared with the balance as at 30 April 2019. The increase was mainly attributable to the increase in purchase of apparel products from one major PRC supplier amounting to approximately HK$5.8 million as compared to the six months ended 31 October 2018, which was set off by the net repayment of trade payables to other suppliers of approximately HK$3.2 million.

The Group's trade and other payables as at 30 April 2019 amounted to approximately HK$27.9 million, which increased by approximately HK$9.5 million as compared with the balance as at 30 April 2018. The increase was mainly attributable to an increase in purchase arising from the orders placed by a new major customer in the PRC amounting to approximately HK$10.2 million, which was set off by the net repayment of approximately HK$1.6 million.

The Group's trade and other payables as at 30 April 2018 amounted to approximately HK$18.4 million, which increased by approximately HK$14.7 million as compared with the balance as at 30 April 2017. The increase was mainly attributable to an increase in purchase arising from ASOS amounting to approximately HK$6.1 million in April 2018.

As at the Latest Practicable Date, approximately HK$18.5 million, representing approximately 74.5% of the Group's trade payable balances as at 31 October 2019 had been settled.

LIQUIDITY AND FINANCIAL RESOURCES

The table below sets out the information regarding bank balances and cash, working capital, total equity, current ratio and gearing ratio as at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, respectively:

	As at 30 April			As at 31 October
	2017	**2018**	**2019**	**2019**
				(Unaudited)
Current ratio[(a)]	6.9	4.7	3.4	3.2
Gearing ratio[(b)]	0.01	0.004	0.0003	0.02

Notes:

(a) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of the financial year.

(b) Gearing ratio is calculated by dividing total debts by total equity at the end of the financial year. The total debts include bank borrowings, obligations under finance lease and lease liabilities.

Current ratio

During the Track Record Period, the Group mainly financed its operations with its own working capital. As at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, the Group had net current assets of approximately HK$67.8 million, HK$91.0 million, HK$85.0 million and HK$93.3 million, respectively, which included bank balances and cash of approximately HK$59.0 million, HK$62.7 million, HK$44.2 million and 44.4 million, respectively.

The Group's current ratio decreased from approximately 3.4 as at 30 April 2019 to approximately 3.2 as at 31 October 2019. Such decrease was mainly due to the increase in trade and other payable as at 31 October 2019.

The Group's current ratio decreased from approximately 4.7 as at 30 April 2018 to approximately 3.4 as at 30 April 2019. Such a decrease was mainly attributable to (i) the increase in trade and other payables by approximately HK$9.5 million; and (ii) the net off effect of the increases in trade, bills and other receivables by approximately HK$22.8 million and the significant decrease in bank balances and cash by approximately HK$18.5 million due to the acquisition of the Property in October 2018 for the purpose of setting up a new showroom.

The Group's current ratio decreased from approximately 6.9 as at 30 April 2017 to approximately 4.7 as at 30 April 2018. Such a decrease was mainly because of the net off effect of the increase in trade, bills and other receivables by approximately HK$32.2 million and trade and other payables by approximately HK$14.7 million as explained above.

Gearing ratio

The gearing ratio was close to zero as at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, respectively, because the Group repaid all bank borrowings during the years ended 30 April 2017 and it did not raise new bank borrowings for the years ended 30 April 2018 and 2019.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after due and careful enquiry and taking into account the financial resources available to the Group, including internally generated funds and available facility, the Group has sufficient working capital to satisfy the present requirements for its current operation, for at least the next 12 months from the date of this announcement.

MAJOR CUSTOMERS

The Group is an apparel designing and sourcing service provider for branded fashion retailers and wholesalers. For the Track Record Period, the income received/receivable from the Group's top five customers in aggregate accounted for approximately 82.3%, 81.4%, 83.4% and 88.8% of the Group's revenue for the three years ended 30 April 2019 and for the six months ended 31 October 2019, respectively, while the income received/receivable from the largest customer were approximately HK$60.7 million, HK$77.9 million, HK$76.9 million and HK$61.0 million, which accounted for approximately 36.6%, 40.5%, 37.6% and 42.6% of the Group's revenue, respectively. Majority of the Group's trade receivables are due within 60 days from the date of billings, and the Group normally grants credit periods of no longer than 90 days for customers with good credit quality and/or payment history.

None of the Directors, or their associates (has the meaning ascribed to it under the GEM Listing Rules), or any of the Shareholders, who, to the knowledge of the Directors, owns more than 5.0% of the issued share capital of the Company, had any interest in any of the Group's top five customers during the Track Record Period.

The Directors consider that the Group's business model is sustainable despite such customer concentration due to the following factors:

The Group has been able to expand its geographic base to reduce the level of reliance on revenue from UK customers

During the Track Record Period, a substantial portion of the Group's revenue was derived from the UK which accounted for approximately 91.6%, 79.4%, 53.5% and 38.9% of the Group's total revenue for the three years ended 30 April 2019 and for the six months ended 31 October 2019, respectively. With a view to reducing its reliance on the revenue from the UK, the Group expanded its market coverage to Germany, Hong Kong and Spain in 2017, to Singapore in 2018 and to the PRC and the US in 2019. During the Track Record Period, the revenue derived from outside the UK accounted for approximately 8.4%, 20.6%, 46.5% and 61.1% of the Group's total revenue, respectively. The Directors believe that given the Group's efforts in diversifying its geographical coverage into other countries proactively, its level of reliance on its major geographic location, in particular in the UK, will likely decrease in the future.

The Group plans to diversify its business and has successfully developed relationships with new customers during the Track Record Period

As at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, the Group had 9, 8, 12 and 3 new customers, respectively. Such increasing number of new customers during the Track Record Period demonstrates the Group's efforts and capability in developing relationships with new customers to reduce its reliance over its major customers.

The Directors believe the business model of the Group is sustainable by successfully developing relationships with new customers as demonstrated during the Track Record Period, and the Group expects to reduce its reliance on its major customers in the long run.

The reliance between the Group and its major customers is mutual and complementary

During the Track Record Period, the years of business relationship with the top five customers of the Group ranged from approximately less than one year to eight years. In particular, the years of business relationship with the top three customers of the Group for the years ended 30 April 2017 and 2018 all exceed five years, while for the year ended 30 April 2019, the years of business relationship with the top three customers of the Group range from one year to seven years and for the six months ended 31 October 2019, the years of business relationship with the top three customers of the Group range from one year to eight years. The Directors therefore believe that the relationships between the Group and its major customers are stable.

MAJOR SUPPLIERS

The Group adopted and implemented written guidelines and policies governing its procedures in selecting a new supplier for the manufacturing of apparel products and monitoring the on-going performance of its Approved Suppliers. During the Track Record Period, all of the major Approved Suppliers of the Group for the manufacturing of apparel products are based in the PRC and Cambodia. Meanwhile, as at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, the Group had 21, 32, 52 and 61 Approved Suppliers, respectively. The Group had nil, nil, 1 and 1 approved supplier based in Cambodia and 6, 13, 27 and 30 approved suppliers based in PRC as at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, respectively. During the Track Record Period, purchases from the Approved Suppliers based in the PRC amounted to approximately HK$117.0 million, HK$128.9 million, HK$132.3 million and HK$70.1 million, which was 93.5%, 92.5%, 87.7% and 65.0% of total purchases, respectively; purchases from the Approved Suppliers based in the Cambodia amounted to approximately nil, nil, HK$8.4 million and HK$25.3 million, which was nil, nil, 5.6% and 23.4% of total purchases, respectively.

During the Track Record Period, the purchases paid/payable to the top five suppliers of the Group in aggregate accounted for approximately 94.4%, 90.6%, 78.7% and 81.7% of the Group's total purchases for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively, and the purchases paid/payable to the single largest supplier accounted for approximately 36.3%, 49.4%, 33.0% and 31.7% of the Group's total purchases, respectively. Majority of the credit terms granted by the Group's suppliers ranged from 30 days to 60 days.

Elegant, being one of the top five suppliers for the year ended 30 April 2018, also engaged the Group to provide consultation services for the year ended 30 April 2018, which mainly involved assisting the supplier to pass the audit inspection by Sedex for an amount of approximately HK$0.5 million.

None of the Directors, or their associates (has the meaning ascribed to it under the GEM Listing Rules), or any of the Shareholders, who, to the knowledge of the Directors, owns more than 5.0% of the issued share capital of the Company, had any interest in any of the Group's top five suppliers during the Track Record Period.

The Group has been able to engage a number of new Approved Suppliers to expand its supplier base

As at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, the Group had 21, 32, 52 and 61 Approved Suppliers on its list of Approved Suppliers, respectively. The increase in the number of new Approved Suppliers demonstrates the Group's efforts and capability in engaging new suppliers to reduce its reliance on the top five suppliers. The Group is seeking to add more suppliers to its list of Approved Suppliers to expand its Approved Supplier base. The Group does not consider that it would be materially disruptive to its business if any of its Approved Suppliers is unable to take orders from it, as it could allocate its orders to alternative Approved Suppliers. The purchases paid/payable to the top five suppliers of the Group in aggregate decreased from approximately 94.4% to approximately 78.7% of the Group's total purchases from the year ended 30 April 2017 to the year ended 30 April 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF BUSINESSES

Save for the reorganisation conducted for the Listing, the Group did not have any material acquisition or disposal of corporate interests or businesses during the Track Record Period and up to the date of this announcement.

RECENT DEVELOPMENTS

The following sets out information relating to recent developments of the Group up to the date of this announcement.

The Outbreak of the coronavirus disease (COVID-19)

Since the outbreak of the coronavirus disease (COVID-19) (the "**Outbreak**"), a number of provinces and municipalities provinces, municipalities and other regions in China have told businesses not to resume work before 10 February 2020 at the earliest and have taken public health emergency and travel restriction measures to prevent further spread of the Outbreak. As a result, work and production of the Group's major PRC Approved Suppliers covered Shenzhen, Dongguan, Zhuhai in Guangdong and Ganzhou in Jiangxi have been suspended. In accordance with the relevant government policies, the Company was informed by its PRC Approved Suppliers that they have taken internal control measures required under the relevant government policies. Sunny Honest and Yujia, being two of the major Approved Suppliers in the PRC with its factory in the PRC resumed normal duty on 11 February 2020 and 17 February 2020 respectively. Another major Approved Supplier in the PRC, Elegant has been granted approval to resume normal work and it has resumed normal duty on 20 February 2020. Further, ACE, being one of the major Approved Suppliers in the PRC, the Company was informed that it has resumed normal duty on 24 February 2020. As at the Latest Practicable Date, the purchase amount of the confirmed orders to the PRC Approved Suppliers who have resumed production is approximately HK$20.1 million, which accounts for 100.0% of the total purchase amount of the confirmed orders to the PRC Approved Suppliers. For the other PRC Approved Suppliers, the Company was informed that they have already resumed normal duty.

The Group's Hong Kong and UK offices operate as normal. For JC Fashion (Shenzhen) Limited, the Group's PRC subsidiary ("**JC Fashion (Shenzhen)**"), has applied to the relevant government authority and obtained the approval to resume work under the relevant government policies. The Directors confirmed JC Fashion (Shenzhen) has resumed its operation on 20 February 2020. The Directors consider that there are no material negative financial impacts on the Group for its suspension of operation.

The Group's customers do not have any preference for sourcing apparel products either from the PRC Approved Suppliers or the Approved Suppliers from Sri Lanka, Cambodia or other countries ("**Non-PRC Approved Suppliers**"). The major selection criteria for the Group and the Group's customers to locate suitable suppliers are (i) pricing, (ii) product quality and (iii) commitment on the expected delivery schedule.

The Group has contacted Non-PRC Approved Suppliers to confirm whether they are capable of taking up the Group's order of the coming months. After communicating with the Non-PRC Approved Suppliers, they are capable of taking up extra orders from the Group (if needed), and agreed to reserve capacities for the Group's orders for the coming months.

As at the Latest Practicable Date, the unshipped confirmed sales orders sourced from the PRC Approved Suppliers that are expected to be delivered on or before 30 April 2020, the Group would either (i) continue to procure from the PRC Approved Suppliers subject to their time of resumption of production; or (ii) shift the procurement from the PRC Approved Suppliers to the Non-PRC Approved Suppliers if the suspension of work continues which would lead to a major delay in the delivery schedule. The freight arrangement will be changed from by sea to by air, in either case, to meet the delivery schedule, if necessary. As a result, extra freight costs will be incurred. However, four PRC Approved Suppliers of the Group's top five Approved Suppliers have agreed to bear the extra freight costs, if necessary, and the Group has not received any request from any customers that the Group has to take up the extra freight costs to be incurred. Therefore, the Group considered that there would be no material extra costs to be incurred.

Notwithstanding the Outbreak which caused disruption to the production and delivery time of the Group's products, taking into the production lead time, approximately 6 to 8 weeks, the Group has started placing new sales orders since 11 February 2020 to the Non-PRC Approved Suppliers and expect delivery to commerce on or after 1 May 2020.

During the Track Record Period, the Group has sourced apparel products from Non-PRC Approved Suppliers for two of the top five major customers, namely Monsoon and Customer F. Also, two of the top five major customers, namely ASOS and Customer E, have represented to the Company that they would continue to support the Group even if there might be a shift of production from the PRC Approved Suppliers to the Non-PRC Approved Suppliers. Further, the Group is not aware of any other customers that raised concerns over the Company's shift of production from PRC Approved Suppliers to the Non-PRC Approved Suppliers.

As at the Latest Practicable Date, the Group did not have any actual or foreseeable disruption in the delivery of the Group's products and any breach of the relevant contracts with its customers. The Director assessed and considered that there is no material negative financial impact bought by the Outbreak.

Precautionary measures

With reference to the relevant government policies, including but not limited to "深圳市新型冠狀病毒感染的肺炎疫情防控指揮部辦公室疫情防控組關於印發深圳市新型冠狀病毒感染的肺炎重點場所預防控制工作指引的通知", the Group has implemented the following precautionary measures to maintain a hygienic working environment amongst the Group.

1. Collect records of the staff concerning their body health status and any recent travel history or exposure to animals. If they have any respiratory symptoms, like having a fever or cough, they would be required to wear a surgical mask, refrain from work, avoid going to crowded places and seek medical advice promptly;

2. Help to perform body temperature check on the staff at the reception when returning to the office and complete the body temperature and body status register every day. Anyone experiencing a fever needs to wear a surgical mask and must seek medical advice at once;

3. Prepare enough disinfection supplies such as surgical masks, hand sanitizers and isopropyl alcohol to the staff. Remind staff to wear a surgical mask when taking public transport or staying in crowded places and wash hand frequently;

4. Remind the staff (a) to maintain at all times strict personal and environmental hygiene to protect against infection and prevention of the spread of the disease in the workplace; and (b) dispose of soiled tissues and used surgical masks in a lidded rubbish bin;

5. Implement a 14-day compulsory quarantine on staff who came from Hubei Province or who have been to the Hubei Province in the past 14 days;

6. Remind the staff to wash their hands frequently with hand sanitizer or handwash, especially before touching one's mouth, nose or eyes; before eating; after using the toilet; after touching public installations such as handrails or door knobs; or when hands are contaminated by respiratory secretions after coughing or sneezing;

7. Reduce physical meetings and change to conference calls if possible; and

8. Arrange for the cleansing and disinfection of objects frequently touched by human, such as the door knobs four times a day.

Foreign currency risk

During the year ended 30 April 2019, the Group was exposed to foreign currency risks primarily related to Hong Kong Dollar and GBP. As Hong Kong Dollar is pegged to the functional currency of the Group, United States Dollar, the Group did not experience and does not expect significant exchange rate risks from Hong Kong Dollar. The management of the Group strives to change the billing currency of its sales from GBP to United States Dollar in a bid to minimise the foreign currency risks associated with fluctuations of GBP. The Group has converted approximately 89.0% of its GBP savings into Hong Kong Dollars up to October 2019. The Group has also set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risks it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

Launch of the online showroom

Up to the Latest Practicable Date, with the assistance of an Independent Third Party IT service provider, the Group had launched the online showroom in late December 2019 to showcase the Group's in-house designed collections and the latest trends of fashion and lifestyle by publishing pictures and videos of apparel products, news, articles and editorials. The Directors believe that the online showroom will attract more online retailers worldwide and speed up the design selection process by customers.

In November 2019, the Group commenced the design of an additional module, namely quality control inspection operation module, for incorporation in the online showroom and it is expected to launch in July 2020.

Expansion of geographical coverage of the customers and suppliers and the online apparel market

During the Track Record Period, the Group is continuing to expand the geographical base of third-party suppliers and diversify the categories base of the Approved Suppliers, such as Sunny Honest, who was experienced in producing swimwear and underwear.

In May 2019, the Group further expanded its business in the online apparel market by recruiting designers and garment technologist in the UK. The Group believes that such expansion could lead to an increase in the sales generated from online fashion retailers.

In response to the uncertainties in the UK economy and the apparel industry, the Group has been striving to diversify its geographical coverage into more countries in order to reduce its reliance on its major customers. In July 2018, the Group had successfully expanded its customer base and completed the first transaction with a new branded fashion retailer in the PRC, Customer E, which is a subsidiary of a company listed on the Stock Exchange and sells its apparel products through its retail outlets in the PRC and online sales platform. For further details of Customer E, please refer to "Customers – Top 5 Customers of the Group – For the year ended 30 April 2019" above in this announcement. The Group also has identified several PRC suppliers (such as Supplier F) to supply apparel products to the PRC customers.

Import tariff by the US on the PRC

In October 2018, the Group further expanded its customer base to the US. The management of the Group believes such expansion could help enhance the Group's corporate image, capture customers' interests in cooperating with the Group so as to bring in potential business development, and broaden our revenue sources. The US government implemented 15% import tariffs on more than US$120 billion worth of goods imported from the PRC, including but not limited to jackets, dresses and suits made from diversified categories of materials, (the "**List 4A**") on 1 September 2019 and the government in the PRC began imposing additional tariffs on worth of US$75 billion of the US imports. This was followed by a serial of trade talks and negotiations between the US and the PRC. Eventually, both sides periodically released tariff exemption lists, and, on 13 December 2019, the US agreed not to proceed with 15% tariffs on US$160 billion worth of Chinese imports scheduled to take effect 15 December 2019 and will halve the 15% import tariffs on the List 4A took effect September 1 to 7.5%, whereas the 25% tariffs on US$250 billion of Chinese imports will maintain. With effective from 15 December 2019, the import tariffs of the Chinese imports on the List 4A reduced to 7.5%. The Group's apparel products sourced from the PRC and to be sold to the US fall within the List 4A and are subject to the import tariffs. However, the Group's apparel products sourced outside the PRC do not fall within the tariffed categories.

During the Track Record Period, all of the Group's products sold to Customer F, an US customer, were sourced from Cambodia. As such, products sold to Customer F after 1 September 2019 were not subject to the 15% or 7.5% import tariff which was effective from 1 September 2019 and 15 December 2019. As at the Latest Practicable Date, the confirmed order of Customer F were approximately HK1.7 million.

During the Track Record Period, the revenues from other US customers which had fabric sourced from the PRC Approved Supplier in aggregate accounted for approximately HK$1.9 million, HK$0.5 million, HK$5.6 million and HK$12.4 million for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively.

The products sold to other US customers which had fabric sourced from the PRC Approved Supplier are conducted on a FOB origin basis, therefore, under such arrangement, although these products were subject to the 15% or 7.5% import tariff as effective from 1 September 2019 and 15 December 2019, respectively, relevant tax (including the 15% or 7.5% import tariff) was borne by the US customers, there was no material adverse impact on the Group. As at the Latest Practicable Date, the Group did not receive any request and indication from customer to reduce the selling price, or orders, or order quantities of these products per order.

As products to be sold to the US are either sourced from Cambodia or transacted under a FOB origin basis, the Directors consider that there is no material financial impact on the Group. Further, the products sold to US customers are conducted on a FOB origin basis, thus the shipping costs are borne by the US customers. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, there was no material unfavourable difference in shipping costs for the shift of the sourcing of the Company's products from the PRC to Cambodia.

Notwithstanding that certain transactions may subject to the 7.5% import tariff whereas products included in the Group's business scope remain involved in List 4A, and thereby there still exists potential adverse impact on the Group's business from the Sino-U.S. trade war. The Group has diversified its supplier network to different geographical locations like Cambodia to avoid the implication of the 7.5% import tariff on certain apparel products. The Directors confirmed that it is the Company's strategy to shift the sourcing of products to be sold to the US from the PRC to non-PRC countries, such as Cambodia, to minimise the impact from the Sino-US trade war. The Group also adopted the strategy to convince customers, who previously shipped to the US, to approve the non-PRC suppliers. Moreover, the Group conducted transactions of products sourced from the PRC with its US customers on a FOB origin basis which can mitigate the adverse impact under the Sino-US trade war.

The Group's customers do not have any preference for sourcing apparel products either from the PRC Approved Suppliers or the non-PRC Approved Suppliers. The major selection criteria for the Group and the Group's customers to locate suitable suppliers are (i) pricing, (ii) product quality and (iii) commitment on the expected delivery schedule.

The Group has seven customers in total who previously shipped to the US, three of those, including Customer F, have already sourced apparel products from non-PRC suppliers. Further, ASOS and Customer E, being our top 5 customers, represented that they would continue to support the Company even if there might be a shift of production to the non-PRC suppliers.

In light of the above, with the upgrade of the Sino-US trade war, there demonstrates ample influence by an increasing scale in terms of engaging industries, including electronics, mechanical equipment manufacturing, textile and mental products manufacturing and so forth. As the involved categories are included in the Company's business scope, there exists potential adverse impact on the business from the Sino-US trade war. Nevertheless, the Group has been implementing different strategies to mitigate such impact through diversifying its import origins and negotiating with its US customers to keep with the FOB shipping terms so that the financial impact of the 7.5% import tax is minimal to the Group.

Acquisition of intellectual properties

In April 2019, the Group successfully acquired intellectual properties to expand its sales channel to online retailing. The management of the Group believes that such acquisition could help broaden our revenue sources and improve the supply chain management of the Group.

Brexit by the UK government

Regarding the impact of Brexit, according to the independent market research consultant engaged by the Company, it could have a material adverse impact on the UK's economy in the short run and on the future growth of the apparel industry in the UK. One of our major customers, Monsoon, was facing challenging business environment. The decrease is mainly due to the decline of the revenue attributable from retail stores despite the growth of the online sales by Monsoon. Although the economic outlook of the UK economy is uncertain, our top customer, ASOS, a global online fashion retailer, had an approximately 23.0% growth in its UK retail sales for the year ended 31 August 2018. The Company believes that the online apparel market penetration will continue to increase. According to the market research consultant, the apparel industry in the UK is still embracing a period of upward trend with an increasing proportion of revenue being contributed by online channels, despite of its slowdown growth rate. Given that the Group's major customers in the UK during the Track Record Period mainly comprised online fashion retailers, including ASOS and Zalando, and combined with the efforts made by the Group in diversifying its customer base to include PRC customers and US customers and focusing on major UK customers with large scale of operation with an aim to reduce the risks that may potentially be brought by Brexit. The revenue derived from the UK for the year ending 30 April 2020 of the Group expected to increase by approximately HK$4.1 million as compared with FY2019. Such increase was mainly attributable to the increase in revenue from our online fashion retailer customers. As a result, the Group believes that the potential impact brought by Brexit on the Group would be insignificant.

RISKS RELATING TO THE BUSINESS OF THE GROUP

There are certain risks involved in the business of the Group, including but not limited to the following risks:

Our business, financial performance, result of operations and prospects may be adversely affected by the Outbreak.

An outbreak of the respiratory illness caused by a novel coronavirus, COVID-19, was first emerged in Wuhan city, Hubei province, China in late 2019 and continues to spread within the PRC and globally. The World Health Organisation declared the Outbreak of a public health emergency of international concern on 30 January 2020. The Outbreak is likely to have an adverse impact on the economy of the world, especially on the PRC. The Outbreak may also result in (1) the disruption of raw material supplies to our PRC suppliers and our subsidiary in Shenzhen (JC Fashion (Shenzhen)); (2) delays in transportation and delivery of our products to both PRC and non-PRC customers; and (3) suspension of our suppliers' production facilities in the PRC for quarantine or for preventive purposes. All of the Group's PRC Approved

Suppliers during the Track Record Period have already resumed normal duty. Any of the above may lead to the failure to fulfil the contracts by our Group, the risk on potential delay in delivery of products to our customers and breach of contracts, which in turn could materially and adversely affect our business operation and financial performance.

Furthermore, the Outbreak could adversely affect the supply of fabrics from our suppliers in the PRC and increase our procurement costs. We are uncertain as to when the Outbreak will be contained. If the Outbreak is not effectively contained in a short period of time, our business, financial performance, results of operations and prospects may be adversely affected.

Imposition of trade tariffs and/or anti-dumping measures by the US against apparel products exported by the PRC, if any, might materially and adversely affect the Group's results of operation.

During the Track Record Period, the Group's customers who are established in the US contributed approximately 1.1%, 0.3%, 7.9% and 30.5% to the Group's total revenue, respectively. The US government announced a 15% import tariff list effective from 1 September 2019 for US$125 billion worth of Chinese goods, including but not limited to jackets, dresses and suits made from diversified categories of materials, which will likely impact on the Group's apparel products sourced from the PRC and to be sold to its US customers, if any of them falls within the tariffed categories. There is no assurance on whether the US government would further increase the tariffs and/or anti-dumping measures imposed on apparel products exported from the PRC, or further impose tariffs and/or anti-dumping measures on more categories of apparel products exported from the PRC. Any trade restrictions or tariffs imposed by the US on the Group's apparel products could significantly increase its US-based customers' purchase costs, which might lead such customers to switch to other suppliers. The Group's sales volume and profitability could thereby be adversely affected.

The Group's revenue was dependent on its sales to a few major customers, any substantial decrease in the amount of sales from the Group's major customers or cessation of business relationships with such customers might materially and adversely affect the Group's results of operations.

The Group relies on the apparel designing and sourcing business from a few major customers. Sales to the Group's top five customers were approximately HK$136.4 million, HK$156.5 million, HK$170.4 million and HK$127.1 million, which accounted for approximately 82.3%, 81.4%, 83.4% and 88.8% of the Group's total sales for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively. Sales to the Group's largest customer were approximately HK$60.7 million, HK$77.9 million, HK$76.9 million and HK$61.0 million, which accounted for approximately 36.6%, 40.5%, 37.6% and 42.6% of the Group's total sales for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively.

There are no assurances that the Group's major customers would continue to do business with the Group at the same or increased levels or at all. If any of these major customers substantially reduce the volume and/or the value of the orders they place with the Group or to cease to conduct business with the Group as the Group has not entered into any long-term purchase agreements with its customers, there is no assurance that (i) the Group would be able to obtain orders from new customers or other existing customers to make up for such loss of sales; or (ii) even if the Group would be able to obtain other orders, they would be on commercially comparable terms. In such circumstances, the Group's business and its results of operations would be materially and adversely affected.

The Group did not enter into long-term agreements with its customers and there is no assurance that its major customers would continue to place purchase orders with the Group in the future.

The Group generally does not enter into long-term agreements with any of the Group's customers. Purchases are typically made on an order-by-order basis with no commitment for the Group's customers to place further orders with the Group. Consequently, most of the Group's customers, including the Group's top five customers, may cancel, reduce or defer future orders at will. The volume of the Group's customers' orders and the Group's product offerings may vary significantly from period to period and it is difficult for the Group to forecast future order quantities. There are no assurances that any of the Group's customers will continue to place orders with the Group in the future at the same level as in the current or prior periods, or even at all. As a result, the Group's business operations, financial conditions and results of operations may vary from period to period and may fluctuate significantly in the future. If any or a number of the Group's customers cease to place orders with the Group and if there is insufficient time for the Group to obtain alternative orders, the Group's business, financial performance and results of operations would be materially and adversely affected.

The Group relied on its customers in the UK for sales revenue and they might be affected by the political and economic changes and uncertainties in the UK, which may in turn materially and adversely affect the business operations and financial results of the Group.

During the Track Record Period, most of the Group's revenue was derived from the Group's sales to its customers in the UK which accounted for approximately 91.6%, 79.4%, 53.5%, and 38.9% of the Group's total revenue for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively. Any sudden change in or uncertainties embedded in the political, social, legal environment or government policies, for instance Brexit, may adversely affect the economy of the UK. Severe fluctuation in market and economic sentiments may also lead to a slowdown in the growth rate of the apparel industry in the UK, in particular, willingness of spending of the customers may be affected, Brexit may potentially push up the total cost for market players in the UK apparel industry as the UK may (i) no longer be able to enjoy the lower labour cost among immigrants from the EU; and (ii) neither can the UK enjoy the existing preferential tariff rates with the EU in sourcing and importing apparel products once Brexit comes into play. If there is a significant decrease in the orders from the Group's customers in the UK, the Group cannot guarantee that it will be able to secure more orders from other markets to supplement the loss of sales. This would materially and adversely affect the Group's business operations and financial results.

If the Group is unable to compete effectively against its competitors, it may lose its market share and the financial condition and results of operations of the Group might be materially and adversely affected.

The market for apparel design and sourcing services is highly fragmented and competitive. Participants in this market compete on, among other things, product design, product variety, product quality, price and the ability to meet delivery commitments to customers. Furthermore, customers are continuously demanding higher quality, shorter lead times and lower prices from their suppliers. As a result, the Group's future success will depend on its ability to maintain an efficient, timely and cost-effective service while delivering high-quality products. If the Group fails to do so, the Group might lose market share to other faster-growing competitors or the Group may be forced to, among other actions, reduce prices and further increase expenditures on product design and development, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

The Group is exposed to credit risks which may materially and adversely affect its operating results and financial condition.

As at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, approximately 65.9%, 55.8%, 64.0% and 84.2% of the Group's total trade receivables were due from the Group's top five customers and approximately 33.5%, 30.4%, 16.5% and 50.7% of the Group's total trade receivables were due from the Group's largest customer for the three years ended 30 April 2019 and the six months ended 31 October 2019, respectively. As at 30 April 2017, 30 April 2018, 30 April 2019 and 31 October 2019, approximately 81.6%, 74.3%, 79.0% and 90.4% of the Group's total trade receivables were due from the five largest debtors (all being customers) and approximately 33.5%, 30.4%, 23.8% and 50.7% of the Group's total trade receivables were due from the largest debtor (being a customer), respectively. There are no assurances that the Group's customers will pay the Group on time and that they will be able to fulfill their payment obligations. Should the Group experience any unexpected delay or difficulty in collections from its customers, the Group's operating results and financial condition may be adversely affected. Further, the Group may be exposed to further credit risks from new customers and from providing credit to its existing customers.

The Group is exposed to currency exchange rate fluctuations because the Group's sales are denominated either in US$ or GBP, while it incurred a part of its expenses in other currencies. Future exchange rate fluctuations between US$ and GBP and certain other currencies, such as RMB, may materially and adversely affect the Group's business.

During the Track Record Period, the Group's sales to customers are denominated either in US$ or GBP. The foreign exchange loss during the Track Record Period was approximately HK$4.0 million, HK$0.4 million, HK$2.7 million and HK$1.4 million, respectively. The Group has not entered into any agreements to hedge the Group's exchange rate exposure relating to GBP and there is no assurance that the Group will be able to enter into such agreements on commercially viable terms in the future. Despite the invoicing currency with all the Group's existing customers who were billed in GBP has been changed from GBP to US$ during the Track Record Period except for two customers, the Group might still be exposed to the depreciation of GBP against US$ as the Group's UK customers could still wish to negotiate with the Group for lower purchase price in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP in view of the potential impact that may be brought by Brexit. The Group is therefore vulnerable to GBP depreciation. In addition, although the Group's invoices from Approved Suppliers are mainly denominated in HK$, which is pegged to US$, the Group's profitability may be affected by the exchange rate fluctuation between HK$ and RMB, which would affect the Group's bargaining position to negotiate more favourable terms with the Group's Approved Suppliers that were based in the PRC. Accordingly, there are no assurances that future exchange rate fluctuations between the US$ and the GBP and certain other currencies, such as RMB, will not materially and adversely affect the Group's business.

The Group does not have its own manufacturing capability and relies on the Approved Suppliers for the production of apparel products. If its Approved Suppliers fail to supply apparel products to the Group at the desired quality or in a timely manner, or cease business relationships with the Group, the Group may not be able to meet its commitments with its customers and its business and results of operations will be materially and adversely affected.

During the Track Record Period, all of the apparel products that the Group supplied to its customers were manufactured by the Group's Approved Suppliers. As a result, the reliability and efficiency of the Group's Approved Suppliers play an important part in its apparel designing and sourcing services. There is no assurance that the Group's Approved Suppliers will continue to be able or willing to supply apparel products to the Group at the Group's desired quality, in a timely manner and/or on commercially comparable terms. If any of the Group's Approved Suppliers terminate their business relationships with the Group or if there are any changes to the current arrangements, the Group may not be able to source suitable products from alternative Approved Suppliers in a timely manner and/or on commercially comparable terms. This could result in delay in the Group's production schedule and adversely affect the Group's ability to fulfil customers' orders and in turn adversely affect the Group's sales and gross profit margin. As the Group only signed framework agreements with a number of its major Approved Suppliers, which do not specify terms such as quantities and price of products, the terms of services provided by the Group's Approved Suppliers depend on the actual orders from the Group's customers which may also be susceptible to fluctuations with regard to pricing, timing and quality. Further, the stability of operations and performance of the Group's Approved Suppliers will also affect the Group. If there is any disruption to the Group's Approved Suppliers' operations from natural or other causes, such as weather, natural disaster, fire or other technical and mechanical difficulties, then their production schedules could be delayed, causing knock-on delays in the Group's delivery schedules and impairing the Group's ability to adequately fulfil the Group's customers' orders. This could adversely affect the Group's apparel sourcing services, the Group might not be able to meet its commitments to its customers and may have an adverse impact on the Group's business reputation. The Group may also incur significant additional costs which the Group may not be able to pass along to its customers and in turn could have a material adverse effect on its business, financial condition and results of operations.

Fluctuations in the price, availability and quality of raw materials may affect the Group's Approved Suppliers, which may then result in increased costs and thus materially and adversely affect the Group's financial condition and results of operations.

As sourcing raw materials for the Group's customers is a service mainly provided by the Group's Approved Suppliers, the Group's business is dependent on its ability to source sufficient supply of raw materials such as fabric that meet the Group's and the Group's customers' specifications, including good quality, satisfactory prices and delivery in a timely manner. The availability of raw materials may be affected by many factors beyond the Group's control, including natural disasters such as droughts, floods and earthquakes, seasonal fluctuations, climate conditions, economic conditions, customer demand and governmental regulations. A material shortage in the supply of raw materials will affect production and delivery schedules of the Group's Approved Suppliers and the Group's customer's perception of the Group's sourcing ability. Raw material suppliers may take into account many factors, among other things, demand and supply when fixing the prices of their raw materials. Increases in raw material prices will adversely affect the Group's gross profit margin if such additional costs are passed on to the Group by the Group's Approved Suppliers and the Group is unable to pass such additional costs to its customers.

Product liability claim and product recall may materially and adversely affect the Group's results of operations and reputation.

The Company requires its suppliers to satisfy certain standards regarding the quality and specifications of its apparel products. However, it is possible that the apparel products manufactured by one or more of the Group's suppliers may be defective. In the event of a product recall being required in circumstances where the financial consequences are not satisfied by one of the Group's suppliers, it may have a material adverse effect on the Group's business, financial condition and results of operations, as well as the Group's reputation and brand. Even if an event causing a product recall is proved to be unfounded or if a product liability claim against the Group is unsuccessful or not fully pursued, the negative publicity surrounding any assertion that the products the Group supplies caused injury or damage, or any product recall or allegation that the products the Group sells are defective, could materially and adversely affect the Group's reputation with the Group's existing and potential new customers and the Group's corporate and brand image. During the Track Record Period and up to the Latest Practicable Date, there was no material product liability claim or product recall that has adversely affected the Group's results of operations.

USE OF PROCEEDS

The Company was listed on GEM on 21 March 2017 with issue of 8,000,000 Shares at HK$5.75 per Share. The actual net proceeds from the Listing raised by the Company were approximately HK$44.4 million (the "**Actual Net Proceeds**") which were higher than the estimated figure as stated in the Prospectus. As at the Latest Practicable Date, the Group has utilised approximately HK$36.0 million of the Actual Net Proceeds, which represented approximately 81.1% of the Actual Net Proceeds. The table below sets out an adjusted allocation of the Actual Net Proceeds, the accumulated actual usage of the Actual Net Proceeds and the unutilised Actual Net Proceeds as at the Latest Practicable Date.

Business strategies as set out in the Prospectus	**Adjusted allocation of the Actual Net Proceeds**	**Accumulated actual usage of the Actual Net Proceeds as at the Latest Practicable Date**	**Unutilised Actual Net Proceeds as at the Latest Practicable Date**	**Unutilised Actual Net Proceeds as at the Latest Practicable Date**	
				Contractual	**Planning in progress**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Further strengthening the relationships with the Group's existing customers and developing relationships with new customers	27,464	24,372	3,092	277	2,815
Further strengthening the Group's design and development capabilities to enhance the Group's business model	4,703	2,637	2,066	2,066	–
Expanding the geographical base of the third-party suppliers and diversifying the Group's supplier base	5,191	4,342	849	849	–
Enhancing the Group's corporate image to attract customer attention	2,662	265	2,397	–	2,397
General working capital	4,392	4,392	–	–	–
Total	**44,412**	**36,008**	**8,404**	**3,192**	**5,212**

The amounts of unutilised Actual Net Proceeds as at the Latest Practicable Date for strengthening the relationships with the Group's existing customers and developing relationships with new customers and enhancing the Group's corporate image to attract customer attention are approximately HK$3.1 million and HK$2.4 million, respectively. The reasons for the unutilised Actual Net Proceeds as at the Latest Practicable Date are mainly due to: (i) the recruitment of an assistant general manager was only accomplished in October 2018, which was several months delayed as the Group not yet identified a suitable candidate with planned budget; and (ii) the delay in participating global sales conferences and trade shows as well as paying customers' visit, which resulted from the delay in recruiting the assistant general manager who is in charge of the development and enhancement of the business relationships with customers, and the economic impact brought by Brexit.

The amount of unutilised Actual Net Proceeds as at the Latest Practicable Date for strengthening the Group's design and development capabilities to enhance the Group's business model is approximately HK$2.1 million. The reason for the unutilised Actual Net Proceeds as at the Latest Practicable Date is mainly due to the recruitment of two designers in the UK in May 2019 being delayed as the Group had not yet identified a suitable candidate with planned budget. Up to the date of this announcement, the Group had no intention to increase the number of designer in the UK except for the job vacancy already filled in the May 2019.

The amount of unutilised Actual Net Proceeds as at the Latest Practicable Date for expanding the geographical base of the third-party suppliers and diversifying the Group's supplier base is approximately HK$0.8 million. The reasons for the unutilised Actual Net Proceeds as at the Latest Practicable Date are mainly due to: (i) the recruitment of a sourcing manager was delayed as the Group had not yet identified a suitable candidate with planned budget until October 2018; and (ii) the recruitment of a garment technologist in the UK was also delayed as the Group had not yet identified a suitable candidate with planned budget until May 2019. As the above job vacancy of a sourcing manager and a garment technologist in the UK already filled in October 2018 and May 2019 respectively, the Group had no further recruitment plan in order for expanding the geographical base of these third-party supplier and diversifying the Groups supplier base.

The unutilised proceeds will be fully utilised as planned within two years from the date of this announcement under the Group's current plan.

As disclosed in the annual report of the Group for the year ended 30 April 2019, by setting up a better renovated showroom in Hong Kong, the Group would be able to display a full range of its apparel products and components, which could help create more business opportunities and strengthen the Group's corporate image by giving more confidence to the customers.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to 30 April 2019 and up to the Latest Practicable Date, there had been no unfavourable trends and developments which may have a material adverse impact on the Group's business and financial performance.

NO CHANGE OF CONTROLLING SHAREHOLDERS

At the time of the Listing, JC International owned 24,000,000 Shares, or 75% of the then entire issued share capital of the Company. JC International was wholly-owned by Mr. Choi King Ting, Charles ("**Mr. Charles Choi**"), and together they were the Controlling Shareholders of the Company. As at the date of this announcement, JC International continues to own 23,000,000 Shares, or approximately 71.9% of the entire issued share capital of the Company and JC International is still wholly-owned by Mr. Charles Choi.

The Company confirms that there has been no change in control of the Company since the Listing, and up to the date of this announcement.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Below sets out the biographical information of each Director:

Executive Directors

Mr. Choi King Ting, Charles (蔡敬庭), aged 42, is an executive Director, chairman and chief executive officer of the Company. Mr. Charles Choi was appointed as a Director on 14 October 2015, and re-designated as an executive Director and appointed as the chairman and the chief executive officer of the Group on 15 August 2016. He is the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Charles Choi is the director of JC FASHION GROUP LIMITED, JC Fashion Group Limited (旺利多時裝集團有限公司), JC Fashion (UK) Company Limited, JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司), JC Design & Consultancy Company (Shenzhen) Limited (旺利多(深圳)紡織有限公司), JC Capital Development Company Limited, A Dim Sum Story (HK) Limited, JC Fashion (Overseas) Development Company Limited and LOST INK LIMITED, all of which are wholly-owned subsidiaries of the Company. He is also the director of JC International. Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing. Mr. Charles Choi is primarily responsible for the overall management, operations and reviewing of corporate directions and strategies of the Group, and managing customer relationships and marketing. Mr. Charles Choi has more than 15 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi joined the Group in September 2011. Mr. Charles Choi worked as a general manager in JC Fashion Company Limited (旺利多有限公司) from November 2001 to December 2011.

Mr. Charles Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in November 2000. Mr. Charles Choi is also a director of the Federation of Hong Kong Garment Manufacturers, which is an organisation incorporated in 1964 to promote and protect the interests of garment manufacturers and merchants in Hong Kong.

Mr. Charles Choi was a director of Huzhou Haoligao Fashion Co., Ltd.* (湖州好利高時裝有限公司) ("**Huzhou Haoligao**"), which was a company established in the PRC. Huzhou Haoligao's business licence was revoked in November 2007 by the Market Supervision Bureau of Huzhou Municipality* (湖州市市場監督管理局). Huzhou Haoligao applied for deregistration and is currently still undergoing deregistration process at the Market Supervision Bureau of Huzhou Municipality. Prior to the application for deregistration, Huzhou Haoligao had no business operations. Mr. Charles Choi confirmed that Huzhou Haoligao was solvent at the time of its business licence being revoked.

Mr. Charles Choi was a director of Max Fortune Star Limited (大福星有限公司) ("**Max Fortune**") and Best Bright Capital Investment Limited (佳輝創富有限公司) ("**Best Bright**"), both of which were companies incorporated in Hong Kong and dissolved by deregistration pursuant to section 751 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 2 March 2018 and 21 September 2018, respectively. Prior to their respective deregistration, each of Max Fortune and Best Bright had no business operations. Mr. Charles Choi confirmed that each of Max Fortune and Best Bright was solvent at the time of its respective dissolution. To the best of his knowledge and understanding, the above mentioned revocation and deregistrations have not resulted in any liability or obligation to be imposed against Mr. Charles Choi personally, and he is not aware of any actual or potential claim that has been or will be made against him as a result of such revocation and deregistrations.

Mr. Charles Choi has entered into a service agreement with the Company for a term of three years commencing on 21 March 2017, determinable by either party by giving not less than six months' prior written notice, and he is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. Mr. Charles Choi is entitled to a basic salary of HK$78,000 per month plus a discretionary bonus to be determined by the Board with reference to the performance of the Group. The emoluments of Mr. Charles Choi are determined by the Board based on the recommendation of the remuneration committee of the Company and with regard to the prevailing market conditions and his duties and responsibilities with the Company.

Mr. Choi Ching Shing (蔡清丞) ("Mr. Benny Choi"), aged 42, is an executive Director, the head of design and development team and the elder half-brother of Mr. Charles Choi. He was appointed as a Director on 18 July 2016 and re-designated as an executive Director on 15 August 2016. He has been the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design & Consultancy Company Limited, JC Fashion Group Limited (旺利多時裝集團有限公司) and JC FASHION GROUP LIMITED, all of which are wholly-owned subsidiaries of the Company. Mr. Benny Choi is primarily responsible for the overall management, operations, reviewing of corporate directions and strategies of the Group and is responsible for determining the design and development of the Group's apparel products. Mr. Benny Choi has more than 18 years of experience in the garment industry. Mr. Benny Choi joined the Group in November 2014. Mr. Benny Choi was employed at Wintako Company Limited as a merchandiser from December 2000 to November 2007. Mr. Benny Choi was a general manager and director of Wintako Fashion Company Limited from November 2007 to October 2014 and July 2007 to July 2016, respectively.

Mr. Benny Choi was a director of Huzhou Haoligao. Huzhou Haoligao's business licence was revoked in November 2007 by the Market Supervision Bureau of Huzhou Municipality. Huzhou Haoligao applied for deregistration and is currently still undergoing deregistration process at the Market Supervision Bureau of Huzhou Municipality. Prior to the application for deregistration, Huzhou Haoligao had no business operations. Mr. Benny Choi confirmed that Huzhou Haoligao was solvent at the time of its business licence being revoked. To the best of his knowledge and understanding, the above mentioned revocation and deregistration have not resulted in any liability or obligation to be imposed against Mr. Benny Choi personally, and he is not aware of any actual or potential claim that has been or will be made against him as a result of such revocation and deregistration.

Mr. Benny Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in June 2001.

As at the date of this announcement, Mr. Benny Choi does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Benny Choi has entered into a service agreement with the Company for a term of three years commencing on 21 March 2017, determinable by either party by giving not less than six months' prior written notice, and he is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. Mr. Benny Choi is entitled to a basic salary of HK$20,000 per month plus a discretionary bonus to be determined by the Board with reference to the performance of the Group. The emoluments of Mr. Benny Choi are determined by the Board based on the recommendation of the remuneration committee of the Company and with regard to the prevailing market conditions and his duties and responsibilities with the Company.

Independent Non-executive Directors

Mr. Lai Kwok Hung, Alex (黎國鴻) ("Mr. Lai"), aged 55, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the audit and risk management committee of the Company. Mr. Lai has more than 28 years of experience in auditing, accounting, corporate governance, financial advisory and management matters. Mr. Lai joined Deloitte Touche Tohmatsu from July 1989 and acted as a manager before leaving in August 1996. Mr. Lai has also held a number of senior management, financial and company secretarial positions in companies listed on the Main Board, namely Asia Commercial Holdings Limited (stock code: 104) from April 1997 to December 2006, ITC Properties Group Limited (stock code: 199) and ITC Corporation Limited (stock code: 372) (together, the "**ITC Group**") from January 2007 and July 2011, respectively, until leaving the ITC Group in April 2013. Mr. Lai joined Gemini Investments (Holdings) Limited (stock code: 174), a company listed on the Main Board, as a senior finance manager in July 2013 and has acted as an executive director and a member of its investment committee since August 2013.

Mr. Lai obtained a bachelor of arts degree in accountancy from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong) in November 1993. Mr. Lai further obtained a diploma in legal studies from the University of Hong Kong in July 2002 and a master degree in professional accounting from the Hong Kong Polytechnic University in November 2004. Mr. Lai has been a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom since December 2002 and September 2000 respectively. Mr. Lai has also been an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since December 2001. Mr. Lai is currently an associate member of the Urban Land Institute, The Hong Kong Institute of Directors and The American Chamber of Commerce in Hong Kong.

As at the date of this announcement, Mr. Lai does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Lai has been appointed for a term of three years commencing on 21 March 2017 and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Mr. Lai is entitled to receive a fixed director's fee of HK$10,000 per month. The director's fee of Mr. Lai is determined by the Board based on the recommendation of the remuneration committee of the Company and with regard to the prevailing market conditions and his duties and responsibilities with the Company.

Mr. Yeung Chuen Chow, Thomas (楊存洲) ("Mr. Yeung"), aged 44, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the remuneration committee of the Company and a member of each of the audit and risk management committee and the nomination committee of the Company. Mr. Yeung has more than 21 years of experience in the garment industry. Since September 1998, Mr. Yeung has served as a director of Wall Street Uniforms International Limited, which is a uniform supplier. Mr. Yeung has served as a director of The Federation of Hong Kong Garment Manufacturers since January 2000. Mr. Yeung is a member of the Industry and Technology Committee of the Hong Kong General Chamber of Commerce. Mr. Yeung is also currently an individual member of The Chinese General Chamber of Commerce, Hong Kong and an executive committee member of Group 26 (Environmental Industries Council) of the Federation of Hong Kong Industries.

Mr. Yeung was a director of Guangzhou Yang Guoqi Management Consulting Co., Ltd.* (廣州市楊國琦管理顧問有限公司) ("**Guangzhou Yang Guoqi**"), which was a company established in the PRC. It was subsequently dissolved and deregistered in October 2007 for strategic reorganisation. Mr. Yeung confirmed that Guangzhou Yang Guoqi was involved in business management consultancy services before its dissolution and that it was solvent at the time of its dissolution. To the best of his knowledge and understanding, such deregistration and dissolution have not resulted in any liability or obligation to be imposed against Mr. Yeung personally, and he is not aware of any actual or potential claim that has been or will be made against him as a result of such deregistration and dissolution.

Mr. Yeung obtained a bachelor of science degree in business administration from the Tepper School of Business of Carnegie Mellon University in the United States in May 1998.

As at the date of this announcement, Mr. Yeung does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Yeung has been appointed for a term of three years commencing on 21 March 2017 and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Mr. Yeung is entitled to receive a fixed director's fee of HK$10,000 per month. The director's fee of Mr. Yeung is determined by the Board based on the recommendation of the remuneration committee of the Company and with regard to the prevailing market conditions and his duties and responsibilities with the Company.

Mr. Cüneyt Bülent Bilâloğlu ("Mr. Bilâloğlu"), aged 45, was appointed as the Group's independent non-executive Director on 21 February 2017. He is a member of each of the audit and risk management committee, remuneration committee and nomination committee of the Company. Mr. Bilâloğlu has approximately 9 years of experience in the legal industry. From February 2008 to July 2010, Mr. Bilâloğlu was a legal trainee at the judicial district of the Berlin Court of Appeal in Germany. From 1 October 2009 to 31 December 2009, Mr. Bilâloğlu was a legal trainee at the Shanghai office of King & Wood (currently known as King & Wood Mallesons), a firm which at the time of Mr. Bilâloğlu's training specialised in foreign direct investments, banking, employment, mergers and acquisition and copyright law. From August 2010 to October 2011, Mr. Bilâloğlu worked as a freelance legal consultant giving advice on various areas of law, inducing structuring a company for expansion into European and Asian markets. He joined LOBERT Partnerschaft Rechtsanwälte as a partner from September 2012 to June 2014 and became a founding partner of BBvB Dr. Alt & Böhmke Partnerschaft mbB, Rechtsanwälte and Gùwèn Rechtsanwälte Dr. Alt Part mbB in December 2014 and August 2019, respectively.

He obtained a diploma in jurist from Humboldt University of Berlin in Germany in March 2006. Mr. Bilâloğlu further obtained a diploma in media consultancy from Technical University of Berlin in Germany in July 2009.

As at the date of this announcement, Mr. Bilâloğlu does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Bilâloğlu has been appointed for a term of three years commencing on 21 March 2017 and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Mr. Bilâloğlu is entitled to receive a fixed director's fee of HK$10,000 per month. The director's fee of Mr. Bilâloğlu is determined by the Board based on the recommendation of the Remuneration Committee and with regard to the prevailing market conditions and his duties and responsibilities with the Company.

Save as disclosed in this announcement, none of the Directors (i) has held any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) as at the date of this announcement, has any interest in the Shares which is required to be disclosed under Part XV of the SFO; (iii) has any relationships with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company; and (iv) has any other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules that needs to be brought to the attention of the Shareholders in relation to their directorships.

Senior Management

Mr. Chu Pui Ki, Dickson (朱沛祺) ("**Mr. Chu**"), aged 35, was appointed as the company secretary of the Company on 1 March 2019. Mr. Chu is primarily responsible for overseeing the company secretarial affairs of the Group.

Mr. Chu is also the company secretary of Elegance Commercial and Financial Printing Group Limited (stock code: 8391), a listed company on GEM, since July 2019 and the company secretary of Top Standard Corporation (stock code: 8510), a listed company on GEM, since June 2017. Mr. Chu has nearly 10 years of relevant experience in accounting and auditing working and has experience in tax and internal control matters. He worked at a medium size audit firm that serves both private and publicly listed companies in Hong Kong, from January 2013 to March 2017 and his last position was audit manager. He was an accounting manager of Creation Chance Limited, a subsidiary of RM Group Holdings Limited (now renamed as Shunten International (Holdings) Limited) (stock code: 932), a listed company on the Main Board, from August 2010 to January 2013. He served at a medium size audit firm, from February 2008 to April 2010 and his last position was a senior auditor. Mr. Chu did not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chu graduated from Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

Ms. Ma Yin Ha (馬燕霞) ("**Ms. Ma**"), aged 51, was appointed as the merchandising and sourcing manager of the Group with effect from 1 February 2016. Ms. Ma is primarily responsible for sourcing of suppliers and the overall production management. Ms. Ma has over 27 years of experience in the merchandising field. Prior to joining the Group in January 2012, Ms. Ma served as a purchasing officer of Archid Garment Factory Ltd. from April 1990 to July 2006. Ms. Ma later joined JC Fashion Company Limited (旺多利有限公司) in October 2006 and served as an accessories purchasing manager from January 2010 to December 2011. Ms. Ma completed her form five secondary school education at St. Catherine's Girls' College in July 1986. Ms. Ma did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Lau Wai Ching, Maggie (劉慧清) ("**Ms. Lau**"), aged 53, was appointed as the Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of the Group. Ms. Lau is also the supervisor of JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司) and JC Design & Consultancy Company (Shenzhen) Limited (旺利多(深圳)紡織有限公司). Ms. Lau has accumulated approximately 25 years of experience in accounting. Prior to joining the Group in February 2013, Ms. Lau worked as a cashier in the accounts department of Henderson Real Estate Agency Limited from February 1992 to September 1992. Ms. Lau worked as an accounts clerk in Bambi (Hong Kong) Limited from February 1993 to February 1994, in Flexico Co. Limited from March 1994 to March 2003 and in Tsuen Shing Enterprises Limited from November 2003 to November 2006. She served as a senior account clerk in Cathay Clothing International Limited from November 2006 to March 2009. She was an account clerk and shipping supervisor in Kennetex International Limited from April 2009 to August 2011 and an accounts supervisor in Yield Growth Foods Trading Co. Limited from October 2011 to February 2013. Ms. Lau completed her form five secondary school education at Pak Kau English School in July 1984. Ms. Lau did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Li Li Mei (李麗美) ("**Ms. Li**"), aged 43, was appointed as the Group's administration and human resources manager with effect from 1 February 2016. Ms. Li is primarily responsible for the administration and human resources management of the Group. Ms. Li has more than 17 years of experience in the bookkeeping and administrative field. Prior to joining the Group in March 2015, Ms. Li worked as an accounts clerk in G.E. Logistics Inc. from July 1997 to August 2000 and an accounts supervisor in Deltamax Freight System Limited from September 2000 to July 2009. She served as an operation clerk in Chin Yang Enterprises Company Limited from May 2010 to September 2010, Ms. Li was an accounts clerk in Kennetex International Limited from November 2010 to February 2015. Ms. Li graduated from Song Shan High School of Commerce and Home Economics (臺北市立松山高級商業家事職業學校) in Taiwan in July 1995. She further obtained a Diploma in International Trade Studies from China Junior College of Maritime and Commerce (中國海事商業專科學校) (now known as Taipei University of Marine Technology (台北海洋科技大學)) in Taiwan in June 2004. Ms. Li did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chau Chiu Leong (周昭亮) ("**Mr. Chau**"), aged 59, was appointed as the Group's shipping manager with effect from 1 February 2016. Mr. Chau is primarily responsible for logistics management. Mr. Chau has over 30 years of experience in the shipping field. Prior to joining the Group, he worked as a senior shipping clerk in The East Asiatic Company, LTD. (A/S Det Østasiatiske Kompagni) from March 1984 to June 1987. Mr. Chau served as a shipping supervisor in Odyssey Services Limited from November 1989 to July 1990 and in Queentex Garment Limited from July 1990 to January 2004. Mr. Chau was a shipping manager in Newry Limited from February 2004 to August 2004 and a shipping manager in Poscelin Company Limited from September 2004 to July 2011. Mr. Chau obtained a Diploma in Management Studies awarded jointly from the Hong Kong Polytechnic University and the Hong Kong Management Association in September 1997. Mr. Chau further obtained a Certificate of e-logistic Management for Greater China from the City University of Hong Kong in April 2003. Mr. Chau did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Yu Xuming (俞旭明) ("**Mr. Yu**"), aged 55, was appointed as the Group's quality assurance manager with effect from 1 December 2017. Mr. Yu is primarily responsible for the overall quality control process. Mr. Yu has more than 10 years of experience in the garment industry. Prior to joining the Group in September 2017, Mr. Yu served as a quality assurance supervisor in Dashing Fashion (Shenzhen) Company Limited* (好利高時裝(深圳)有限公司) from March 2006 to May 2008, and served as a quality assurance supervisor in KC Fashion (Shenzhen) Company Limited* (港絲時裝(深圳)有限公司) from June 2008 to August 2017. Mr. Yu completed his high school course in June 1980 at Anjixian Xiaoshi High School in Zhejiang Province* (浙江省安吉縣曉市中學). Mr. Yu did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the business growth of the Group. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, length of service, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of our Company's business. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members. After due consideration, the Board believes that based on the Group's existing business model, specific needs and the background of the Directors, the composition of the Board satisfies the principles under the Board Diversity Policy.

The Company also recognises the importance of gender diversity. The Board currently comprises five male Directors. The Board will use its best efforts to identify and appoint suitable female candidate(s) as well as engage more resources in training female staff in the Group with an aim to promoting them to senior position in the Group.

To develop a pipeline of potential female successors to the Board, the Group will take necessary steps to identify and maintain a list of women candidates with a diverse range of skills, experience and knowledge in different fields by emphasising on training and providing career opportunities for the Group's senior female employees who have long and relevant experience with the Group's business, so as to equip them with the capability to lead the Group.

After the Transfer, the nomination committee will continue to review the Board Diversity Policy from time to time to ensure its continued effectiveness and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval. The Company will disclose the composition of the Board in its corporate governance report and the nomination committee will monitor the implementation of the Board Diversity Policy on an annual basis.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at **www.jcfash.com**, of the Stock Exchange at **www.hkexnews.hk** and of GEM at **www.hkgem.com**:

(1) the Articles of Association;

(2) the interim report of the Company for the six months ended 31 October 2019;

(3) the first quarterly report of the Company for the three months ended 31 July 2019;

(4) the Directors' report and annual report of the Company for the year ended 30 April 2019;

(5) the third quarterly report of the Company for the nine months ended 31 January 2019;

(6) the interim report of the Company for the six months ended 31 October 2018;

(7) the circular of the Company dated 31 July 2019 in relation to general mandates to issue and repurchase shares, extension of issue mandate, re-election of retiring directors, reappointment of independent auditor, and notice of general meeting; and

(8) a copy of each of the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"AGM"	the annual general meeting of the Company
"Approved Suppliers"	the suppliers of the Company which have been approved by the Company
"Articles of Association"	the memorandum and articles of association of the Company as adopted by the Company from time to time
"associate(s)"	has the meaning ascribed to it under the Main Board Listing Rules or the GEM Listing Rules
"Board"	the board of the Directors
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	SG Group Holdings Limited (樺欣控股有限公司), an exempted company incorporated under the laws of the Cayman Islands on 8 October 2015 with limited liability, the Shares of which are currently listed on GEM
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Main Board Listing Rules and unless the context requires otherwise, refers to Mr. Charles Choi and JC International

"Director(s)"	the director(s) of the Company
"EU"	the European Union
"EUR"	Euro, the lawful currency of the member states of the EU
"GBP"	pound sterling, the lawful currency of the United Kingdom
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as may be amended, supplemented or otherwise modified from time to time
"Group"	the Company and its subsidiaries from time to time
"HK$" or "Hong Kong Dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) who is (are) not connected with any of the Directors or the Controlling Shareholders or any of the Company's subsidiaries or any of their respective associates (within the meaning of the Main Board Listing Rules)
"JC International"	JC Fashion International Group Limited, a BVI business company incorporated with limited liability in the British Virgin Islands on 5 October 2015, which is wholly-owned by Mr. Charles Choi

"Latest Practicable Date"	28 February 2020, being the latest practicable date prior to the issue of this announcement for ascertaining certain information contained in this announcement
"Listing"	listing of the Shares on GEM on 21 March 2017
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"Main Board Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended, supplemented or otherwise modified from time to time
"PRC"	the People's Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan
"Property"	Unit B, 9th Floor, Mai Wah Industrial Building, Nos. 1-7 Wah Shing Street, Kwai Chung, New Territories
"Prospectus"	the prospectus of the Company dated 28 February 2017 in respect of the Listing
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) with par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Track Record Period"	the three years ended 30 April 2017, 2018 and 2019, and six months ended 31 October 2019
"Transfer of Listing"	the transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America
"US$" or "United States Dollar"	United States dollars, the lawful currency of the United States of America
"VBG Capital" or "Sponsor"	VBG Capital Limited (建泉融資有限公司), a licensed corporation registered to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"%"	per cent.

By Order of the Board
SG Group Holdings Limited
Choi King Ting, Charles
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 March 2020

English names marked with "" are unofficial English translations of the Chinese names of, among others, entities, laws or regulations or government authorities, that do not have official English names. Such English translations are provided for identification purposes only. If there is any inconsistency between the Chinese name and the English translation, the Chinese name shall prevail.*

As at the date of this announcement, the executive Directors are Mr. Choi King Ting, Charles and Mr. Choi Ching Shing and the independent non-executive Directors are Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Main Board Listing Rules for the purpose of giving information with regard to the Company. The Directors, have 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 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 website of GEM (**www.hkgem.com**) for at least seven days from its date of publication. This announcement will also be published on the "Latest Company Information" page of the Stock Exchange's website at **www.hkexnews.hk** and on the website of the Company at **www.jcfash.com**.*