Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks and uncertainties associated with an investment in the Company before making any investment decision in the Shares. The Group's business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group relies on several major customers and has not entered into long-term contracts with them. This may materially and adversely affect the Group's business, prospects, financial condition and results of operations

The Group's five largest customers, all being Independent Third Parties, are owners or sourcing agents of apparel retail brands based in Japan. The Group's top five customers accounted for approximately 86.9%, 90.4% and 91.0% of the total revenue for the two years ended 31 March 2016 and the four months ended 31 July 2016, respectively. In particular, approximately 43.9%, 50.8% and 54.3% of the Group's total revenue were attributable to its largest customer for the two years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

The Group had developed business relationships with its five largest customers for a period ranging from 5 to 15 years as at the Latest Practicable Date. The Group has not entered into any long-term sales contracts with its customers. Although the Directors consider that the Group has established relationships with its major customers, the customers are not obligated in any way to continue to provide the Group with new business in the future at a level similar to that in the past or at all. If any of these top customers reduces the volume or prices of the products they order from the Group or terminates the business relationship with the Group entirely, there is no assurance that the Group will be able to secure new business from other customers for replacement. In addition, there is no assurance that new business secured from other customers for replacement, if any, will be on commercially comparable terms. In that event, the Group's business, prospects, financial condition and results of operations may be materially and adversely affected.

The Group is dependent on third parties for the production of apparel products, any disruption in the relationships with the third-party manufacturers or their manufacturing operations could adversely affect the Group's business

All of the apparel products the Group sourced for the customers during the Track Record Period were produced by third-party manufacturers located in the PRC and/or Thailand. As such, the Group relies heavily on the ability and efficiency of third-party manufacturers to produce apparel products for its customers and the third-party manufacturers therefore play a vital role in the Group's apparel supply chain management services. The Group does not enter into any long-term contracts with the third-party manufacturers and the Group engages them on a case-by-case basis depending on the needs and requirements of the customers. There is no assurance that all or any of the third-party manufacturers will continue to produce apparel products for the Group at the desired quality and quantity, in a timely manner and on commercially acceptable terms. Any disruption in the third-party manufacturers' productions may inevitably have negative impact on their ability to produce the apparel products in line with the required schedule. If any of the third-party manufacturers terminates the business relationship with the Group or if there are any changes to the current business arrangements, the Group may not be able to source stable and suitable products from comparable alternative third-party manufacturers in a timely manner or on commercially acceptable terms. Any of these events may result in production delay and would adversely affect the Group's ability to fulfil customers' orders and in turn adversely affect its sales and profitability.

Further, as the Group does not enter into any long-term contract with the third-party manufacturers, the terms of services provided by them may also be subject to fluctuations with regard to pricing, timing and quality. The Group may not be able to pass on all or any of the increase in production costs to its customers. In this event, the Group's financial performance may be materially and adversely affected. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's subcontracting charges on the Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 7%, which is the maximum fluctuation rate during the Track Record Period, and at 14%, which is the double of the maximum fluctuation rate to illustrate the impacts on the profit in a more extreme scenario:

Hypothetical fluctuations in subcontracting charges	**–7%**	**–14%**	**+7%**	**+14%**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit before tax				
Year ended 31 March 2015	16,667	33,334	(16,667)	(33,334)
Year ended 31 March 2016	19,798	39,596	(19,798)	(39,596)
Period ended 31 July 2015	2,903	5,806	(2,903)	(5,806)
Period ended 31 July 2016	4,675	9,349	(4,675)	(9,349)
Increase/(Decrease) in profit after tax				
Year ended 31 March 2015	13,917	27,834	(13,917)	(27,834)
Year ended 31 March 2016	16,531	33,062	(16,531)	(33,062)
Period ended 31 July 2015	2,424	4,848	(2,424)	(4,848)
Period ended 31 July 2016	3,903	7,807	(3,903)	(7,807)

There are time lags between making payments to the Group's suppliers and receiving payments from its customers. Failure to handle this cash flow mismatch may adversely affect the Group's cash flow and financial position

Time lags between making payments to the suppliers and receiving payments from the customers are approximately 90 days. The Group requires sales proceeds from its customers in order to settle its trade payable to suppliers or to repay the bank borrowings in a timely manner. There is no assurance that the customers will make payment on time and in full. If the Group fails to properly manage its exposure from such cash flow mismatch or if the Group experiences any difficulty in collecting a substantial portion of its trade receivables, the Group's cash flows and financial position could be materially and adversely affected. The Group's reputation may also be ruined if the Group fails to pay its suppliers on time.

The Group is required to maintain sufficient level of working capital to sustain its business operations, failure to do so may materially and adversely affect the Group's business operations and financial performance

The Group is required to maintain sufficient level of working capital on a continuous basis to fund its business operations, including the purchase of raw materials and subcontracting charges. For the four months ended 31 July 2016, the Group recorded negative net cash flows from operating activities of approximately HK$30.6 million. The negative net operating cash flows for the four months ended 31 July 2016 was mainly derived from the Group's loss before tax of approximately HK$6.3 million, after adjusted for (i) increase in other receivables, prepayments and deposits of approximately of HK$10.2 million; and (ii) decrease in trade and other payables of approximately HK$10.3 million, which was mainly due to the increase in purchase orders whereby the subcontractors required more deposits to be paid by the Group.

The Group's operating cash flows may be adversely affected by a variety of factors, such as macroeconomic factors that may lead to delay in payment from its customers. There is no guarantee that the Group's business will be able to generate positive operating cash flows from time to time or that the Group will be able to finance its working capital in the future. In the event that the Group fails to maintain sufficient level of working capital, the Group's business operations and financial performance may be materially and adversely affected.

The Group had net current liabilities as of 31 March 2015

The Group recorded net current liabilities of approximately HK$6.6 million as of 31 March 2015 and net current assets of approximately HK$18.1 million and HK$11.6 million as of 31 March 2016 and 31 July 2016, respectively. The Group had significant short-term bank borrowings of approximately HK$35.5 million as of 31 March 2015, which were recorded as current liabilities. The short-term bank borrowings as of 31 March 2016 and 31 July 2016 were approximately HK$8.9 million and HK$48.0 million respectively. There is no assurance that the Group will not experience net current liabilities position in the future. There is also no assurance that the Group's previous net current liability position will not impair its ability to make necessary capital expenditures or develop business opportunities. If the Group is unable to meet the Group's debt and interest repayment obligations, the Group's creditors may choose to accelerate the repayment of the Group's borrowings.

The Group relies heavily on banking facilities to finance its daily operations

The Group relies heavily on banking facilities to finance its operations during the Track Record Period. As at 31 March 2015 and 2016 and 31 July 2016, the Group's indebtedness positions were at approximately HK$44.8 million, HK$18.2 million and HK$57.3 million, respectively and the Group's gearing ratio was approximately 1.2 times, 0.9 times and 4.4 times, respectively. The high gearing ratio is primarily attributable to the large amount of bank loans during the Track Record Period. Liquidity problems might occur due to high gearing ratio. There is no assurance that the Group would continue to obtain banking facilities in similar level in future. Without sufficient bank facilities, the Group would have difficulty in supporting its operations and business expansions. In addition, there is no assurance that the Group will be able to secure banking facilities at existing similar terms. In the event that the Group fails to obtain banking facilities or the terms of the banking facilities are less favourable to the Group, the Group's business operations and financial performance may be materially and adversely affected.

The Group has relatively thin net profit margin and is highly sensitive to any unfavourable change in the cost of sales, selling price and sales volume

The Group has relatively thin net profit margins. The Group recorded net profits for each of the two years ended 31 March 2016 while the Group recorded a net loss for the four months ended 31 July 2016. For each of the two years ended 31 March 2016, the net profit margin was of approximately 2.6% and 2.9%, respectively. The selling price of each of the product categories depends primarily on the complexity of the product design, the size of an order, the delivery schedule set out by customers, the costs of raw materials, and the production costs as quoted by the third-party manufacturers. The Group's pricing strategies may not be effective in maintaining its financial performance including the profit margin and profitability or the Group may fail to adjust its selling price to ensure the Group is responsive to the market price changes in a timely manner. Any unfavourable changes of the above and the market conditions could have a material adverse effect on the Group's financial performance.

Fluctuations in the price, availability and quality of raw materials could disrupt the Group's production management operations and increase production costs

The Group's major raw material is yarn, which is mainly blended from different materials such as cotton, wool, lycra, etc. During the Track Record Period, the Group's key raw material suppliers were mainly located in the PRC and Hong Kong. Apart from yarn, the Group also purchases other raw materials including buttons, zippers and other accessories for the knitwear products. Approximately 27.1%, 20.9% and 18.2% of the Group's cost of sales represented purchases of raw materials and consumables used for the two years ended 31 March 2016 and the four months ended 31 July 2016, respectively. The Group does not enter into any long-term agreements with its raw material suppliers. Based on the nature of customer orders, the Group may enter into separate purchase orders which set out the terms regarding the price, purchase quantity, delivery terms and settlement terms, among others. There is no assurance that the existing suppliers of the Group will continue to supply the raw materials to the Group at favourable or similar prices, or at all.

In the event that the prices of raw materials increase and the Group is unable to increase the prices of the products to the same or higher extent, the Group's profitability may be adversely affected. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's cost of raw materials and consumables used on the Group's profits during the Track Record

Period. The hypothetical fluctuation rates are set at 10%, which is the maximum fluctuation rate during the Track Record Period, and at 20%, which is the double of the maximum fluctuation rate to illustrate the impact on the profit in a more extreme scenario:

Hypothetical fluctuations in cost of raw materials and consumable used	–10%	-20%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(Decrease) in profit before tax				
Year ended 31 March 2015	9,077	18,154	(9,077)	(18,154)
Year ended 31 March 2016	7,766	15,533	(7,766)	(15,533)
Period ended 31 July 2015	1,475	2,951	(1,475)	(2,951)
Period ended 31 July 2016	1,530	3,060	(1,530)	(3,060)
Increase/(Decrease) in profit after tax				
Year ended 31 March 2015	7,579	15,159	(7,579)	(15,159)
Year ended 31 March 2016	6,485	12,970	(6,485)	(12,970)
Period ended 31 July 2015	1,232	2,464	(1,232)	(2,464)
Period ended 31 July 2016	1,278	2,555	(1,278)	(2,555)

It is the Group's strategy to stock up raw materials in advance of receiving sales orders from customers when the prices decrease. There is no assurance that the prices of raw materials will not further decrease after the purchase by the Group. In the event that the Group fails to adjust its selling price to maintain its profit margin or cannot effectively manage the risk as to fluctuations in the raw material prices, the Group's financial performance and profit margin may be adversely affected.

The Group is exposed to credit risks of its customers

The Group relies on the businesses generated from its customers. The Group normally requires the customers to settle in full upon the delivery of goods. For other customers, the Group generally grants customers a credit period of no longer than 90 days. The Group does not have access to all information of its customers to determine their creditworthiness. The complete financial and operational conditions of customers are not always available to the Group, and the Group may not be in any position to obtain such information. As a result, if any of the Group's major customers experiences any financial difficulty and fails to settle the outstanding amounts due to the Group in accordance with the agreed credit terms, the Group's working capital position may be adversely affected. Provisions for impairment or write-offs may also be required for trade receivables, which will have an adverse effect on the Group's profitability. In such circumstances, the results of operations would be adversely affected.

The Group's sales are subject to seasonal fluctuation and hence the operating results of the Group for the certain period within a calendar year or between any interim periods may not be taken as an indication of its performance for the entire calendar year

The Group has historically experienced and expects to continue to experience to seasonal fluctuations. Generally, demand for the Group's apparel products is relatively higher for winter season. As a result, customers normally place orders with the Group for winter collection in the second to the third quarter of the year while the Group delivers the corresponding finished goods to customers in the second half of the calendar year. The sales generated from August to January in aggregate accounted for approximately 71.7% and 68.2% of the Group's total revenue during each of the two year ended 31 March 2016. Therefore, the operating results of the Group for certain period within a calendar year or between any interim periods may not be taken as an indication of its performance for the entire calendar year. Hence, prospective investors should be aware of this seasonal fluctuation when making any comparison of the Group's operating results.

The Group may fail to anticipate and respond in a timely manner to rapid changes in fashion trends and consumer preferences

The Group's apparel supply chain management solutions include the provision of apparel product design services. The ability to anticipate future fashion trends and consumer demand and the ability to respond and take appropriate actions will be crucial to the Group's future business growth and success in the apparel supply chain management industry. Due to the highly subjective nature of the apparels market and the rapid change in trends for apparels, the Group may not be able to capture or predict the future fashion trend and continue to develop appealing design for the customers. If the Group can no longer meet the preferences of the customers and/or end consumers, the Group's results of operations, financial performance and business could be materially and adversely affected.

The Group is dependent on key personnel and there is no assurance that the Group can retain them

The Directors believe that the success of the Group, to a large extent, is attributable to, among other things, the contribution of each of the executive Directors and members of the senior management team, namely, Mr. Chan, Mr. Ng, Ms. Sze Yee Kwan and Ms. Wong Lai King. Details of their expertise and experience are set out in the section headed "Directors and senior management" in this prospectus. The key personnel as well as their management experience in the apparel supply chain management industry in Hong Kong and their expertise are crucial to the Group's operations and financial performance.

There could be an adverse impact on the Group's operations should any of the executive Directors/senior management members terminate his/her service agreement with the Group or otherwise cease to serve the Group and appropriate persons could not be found to replace them. There is no assurance that the Group will be able to attract and retain capable staff or that they will not resign in the future.

If the Group fails to properly protect the product designs and intellectual property rights of its customers, the Group's reputation, business operations and results of operations may be adversely affected

The product design sketches and instruction sheets may contain confidential information regarding proprietary product designs of the Group's customers. The Group has policies and procedures to protect the intellectual properties of the Group and its customers. The confidential documents for each of the respective customers will be stored in the designated place and only the responsible merchandising team, design staff and authorised personnel are allowed to access such information.

Nevertheless, there is no assurance that the above-mentioned internal control procedures in relation to the protection of the product designs and the intellectual property rights of the Group's customers will not fail. If the Group fails to properly protect the product designs and intellectual property rights of its customers, the Group's reputation, business operations and results of operations may be adversely and materially affected.

A shift in business model to business-to-business may affect the Group's sales

The Group's business operates on a traditional business model where it acts as an intermediary between owners or sourcing agents of apparel retail brands and third-party manufacturers. With the increasing popularity of business-to-business commerce sites, brand owners and sourcing agents may be able to easily access third-party manufacturers for products not designed by the Group. This may reduce their reliance on the Group's supply chain management solutions and services, which will have a material adverse impact on the Group's financials.

Past dividend distributions are not an indication of the Company's future dividend policy

Firenze Apparel distributed interim dividends amounting to HK$7.0 million for the year ended 31 March 2015 to Mr. Chan prior to the Reorganisation. Other than the above, no dividend has been paid or declared by other companies comprising the Group during the Track Record Period or by the Company since its incorporation. No assurance can be given that dividends of similar amounts or at similar rates will be paid in the future or that dividends will be paid at all. Any future dividend declaration and distribution by the Group will be at the discretion of the Directors depending upon the Group's financial results, the Shareholders' interests, general business conditions, strategies and future expansion needs, the Group's capital requirements, payment by its subsidiaries of cash dividends to the Company, possible effects on liquidity and financial position of the Group and such other factors as the Board may consider relevant. As a result, there is no reference to the basis for forecasting the amount of dividend payable in future in this prospectus. The past dividend distribution record should not be used as a reference of the amount of dividend payable in the future.

RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES

The Group's business is subject to risks related to extreme changes in weather conditions and seasonality trends

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

Increased inspection procedures, tighter import and export controls and additional trade restrictions could increase the operating costs and cause disruption to the Group's business

The apparel industry is subject to various security and customs inspection and related procedures in countries of origin and destination as well as at transshipment points. These procedures can result in the seizure of apparel, delays in transshipment or delivery of apparel and the levying of customs duties, fines or other penalties against exporters or importers. If the relevant inspection procedures or other controls are further tightened, the Group may incur further costs and delays and its business may be adversely affected.

On the other hand, the Group cannot predict whether it will be subject to any additional trade restrictions, including the likelihood, type or effect of any of such restrictions. Generally, trade restrictions, including increased tariffs or quotas, embargoes, and customs restrictions, against apparel items, as well as labour strikes, work stoppages or boycotts, could adversely affect the Group's business, financial condition and results of operations.

RISKS RELATING TO JAPAN

Any further decrease in retail sales value and sales volume of Japan apparel retail market may adversely affect the Group's operating result and performance

The Group is an apparel supply chain management services provider. Headquarted in Hong Kong, the Group principally sells knitwear products predominately in the Japan market. The Group is therefore dependent on customers' business performances and developments primarily in the Japan apparel retail market. According to the Euromonitor Report, retail sales value of apparel in Japan decreased at a CAGR of 9.5% over the period from 2011 to 2015 to reach USD62,452.9

million in 2015 while the retail sales volume of apparel in Japan decreased at a CAGR of 0.5%. If the apparel retail sales value and volume continue to decrease in the future, the Group's business might be adversely affected. In the event of any adverse changes that may happen to the economy in Japan affecting the retail market, such as a slowdown in growth of the GDP in Japan, which leads to a slowdown in growth of consumer spending, especially discretionary spending on goods like fashion apparel, the business, operating results and financial condition of the Group may be materially and adversely affected.

The Group's performance and profitability may be affected by the fluctuation of exchange rate of JPY

The Group's customers, who are the owners or sourcing agents of apparel retail brands, are predominantly located in Japan. Many of the finished products supplied to them will eventually be sold in Japan. The Group's performance and profitability are dependent on the consumer consumption level and the macroeconomic conditions around the world especially in Japan. According to the Euromonitor Report, there is a rising expenditure by foreign tourists on apparel products in Japan. The expenditure on apparel products was recorded as the third highest expenditure category for tourists in 2015 at JPY38,840 per person. There are many factors which may affect the level of consumer spending in Japan, including but not limited to level of disposable income, interest rates, currency exchange rates, recession, inflation, political uncertainty, taxation, tariff regime, stock market performance, unemployment level and general consumer confidence. Any adverse change in these factors may have a negative impact on the Group's future performance and profitability.

In particular, the fluctuations in the foreign exchange rate of JPY may materially affect the Group's business. The JPY had appreciated strongly against the USD in the earlier half of 2016, and subsequently depreciated against the USD in late 2016. If JPY appreciates in the future, the Group's major customers in Japan may find the Group's product prices (which are quoted in USD) relatively cheaper and hence bargain for less discount and be more willing to increase their sales orders to the Group, thus enabling the Group to receive more orders at better prices and profit margin. If JPY depreciates, the Japanese customers may consider the Group's product prices (which are quoted in USD) relatively higher and as a result bargain for a deeper discount in the prices and order less. Owing to the above, the Group's revenue, financial performance and profit margins are impacted by the fluctuation in the foreign exchange rate of JPY.

The potential increase in consumption tax in Japan may affect the Group's financial condition, results of operations and business

The Japanese government reviews tax policy annually as part of its budgetary process. Under The Consumption Tax Act (Act No.47 of May 19, 1993, as amended) in Japan, the consumption tax is assessed at each stage of the manufacturing, importing, wholesale and retail process. The current consumption tax rate is 8% (6.3% imposed as national tax and 1.7% as local tax). The Japanese government announced its intention to increase the consumption tax to 10% (7.8% imposed as national tax and 2.2% as local tax) with effect from October 2019. The Group cannot predict if and when the consumption tax will further increase in the future or at what rate. If the consumption tax is further increased, it is likely that consumer spending will be adversely affected, which in turn may decrease the demands from the Group's customers, resulting in material adverse effects on the Group's financial condition, results of operations or business.

The Group may be subject to the corporate tax in Japan and there is no assurance that changes in the corporate tax rate in Japan will not materially and adversely affect the Group's operating results and performance

The Group intends to incorporate a new operating entity in Japan with a design team and an account servicing team to assist with the operation locally as part of its business strategies. For details, please refer to the section headed "Business — Business strategies" in this prospectus. Under the Corporation Tax Act, the statutory tax rate for corporate tax in Japan is currently 29.97%. The corporate tax rate in Japan on assessable profits is generally higher than the applicable tax rate in Hong Kong. Therefore, the Group's intention to incorporate the new operating entity in Japan may lead to an increase in the Group's tax exposures in Japan. In addition, the Japanese government reviews tax policy annually as part of its budgetary process. The Group cannot predict if and when the corporate tax rate will increase in the future or at what extent. Any material increase in the corporate tax rate in Japan may have adverse impacts to the Group's financial condition, results of operations or business.

Future expansion plans are subject to uncertainties and risks and therefore may not be materialised as planned

The Group has set out its future plans in the section headed "Statement of business objectives and use of proceeds" in this prospectus. Whether the Group's future plans can be implemented successfully may be beyond the Group's control and some future events may affect the smooth running of the expansion plans such as changes in consumers' reception of the Group's products, rules and regulations and general market conditions.

In addition, the general economic environment and the development of the consumer apparel markets in Japan and around the world may be unpredictable. In view of such uncertainties, there is no assurance that the Group will be able to secure more sales from existing customers or potential new customers and/or maintain the level of profit margins that the Group had been able to achieve during the Track Record Period or at all.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions or policies in the PRC may affect the Group's business, financial conditions and results of operations

Most of the Group's suppliers, which are mainly third-party manufacturers and raw material suppliers, are based in the PRC. As a result, the Group's operations and financial results could be indirectly and adversely affected by any changes in political, economic and social conditions, or changes in the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretations thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional export restrictions. Furthermore, a significant portion of economic activities in the PRC at present are export-driven. Therefore, they are affected by the developments in the economies of the principal trading partners of the PRC and other export-driven economies. The Group has no assurance that the PRC government will continue to pursue a policy of economic and social reform. The policies and other measures taken by the PRC government to regulate the PRC economy and social condition may adversely affect the Group's operating and financial results.

The PRC legal system is in the process of continuous development and has inherent uncertainties that may have a material impact on the Group's business, financial conditions and results of operations

The PRC legal system is based on written statutes and prior court decisions may be cited as reference. Since 1979, a commercial law system has been established by the PRC government, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, the implementation and interpretation of these laws and regulations may involve a certain degree of uncertainty as these laws and regulations are continually evolving in response to changing economic and other conditions. Consequently, developments and changes in the PRC laws and regulations, including their interpretation and enforcement, may lead to additional restrictions and uncertainties for the Group's business and uncertainties with respect to the outcomes of any legal action taken against the Group in the PRC.

The tax rate of any category of tax in the PRC may change from time to time and adversely affect the results of operations of the Group

The Group has established Speed Apparel Shenzhen in Shenzhen, the PRC under the laws of the PRC on 23 February 2016 as a wholly foreign-owned enterprise and has successfully completed a number of transactions with the PRC subsidiaries of its Japanese customers through Speed Apparel Shenzhen. The major categories of taxes currently applicable to Speed Apparel Shenzhen include, among others, enterprise income tax and value-added tax, etc. For details, please refer to the section headed "Regulatory overview — PRC laws and regulations — Regulations on taxation" in this prospectus. For each of the two years ended 31 March 2016, certain of the Group's products were sold to the PRC of approximately HK$4.5 million and HK$10.7 million, respectively, while the Group collected certain sales proceeds in the PRC amounted to approximately RMB3.1 million and RMB2.1 million for each of the two years ended 31 March 2016, respectively. Please refer to the section headed "Business — Risk management and internal control — Major deficiencies in the internal control measures during the Track Record Period" for further details. Assuming Speed Apparel Shenzhen had been incorporated and dealing with the PRC subsidiaries of the Japanese customers since the beginning of the Track Record Period, the potential PRC tax liabilities to be borne by the Group is estimated to be approximately RMB257,000 and RMB133,000 for each of the two years ended 31 March 2016, respectively. The establishment of Speed Apparel Shenzhen will lead to an increase in the Group's tax liability in the PRC. The Group cannot predict if and when the tax rate of any category of tax applicable to Speed Apparel Shenzhen will increase in the future or at what rate. Any material increase in the tax rate may result in material adverse effects on the Group's financial condition, results of operations or business.

The Company may be considered a "PRC resident enterprise" under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and be subject to PRC enterprise income tax on its global income

The Company is incorporated in the Cayman Islands and the Group conducts certain business operation through operating Speed Apparel Shenzhen, which is established under the laws of the PRC on 23 February 2016, in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "PRC resident enterprise" and thus will generally be subject to an EIT at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulations on the Implementation of the EIT Law effective on 1 January 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprises groups in the PRC. However, it remains unclear how the tax authorities will treat an overseas enterprise like the Company invested or ultimately controlled by an individual non-PRC resident.

It cannot be assured that the Company will not be considered a PRC resident enterprise for PRC enterprise income tax purpose and be subject to the uniform 25% enterprise income tax on its global income. In such case, the Company's profitability and cash flow may be materially and adversely affected as a result of its global income being tax under EIT Law. In addition, if the Company was considered a PRC resident enterprise, any dividend received by the non-resident enterprise shareholder may be subject to a withholding tax at a rate of up to 10%.

RISKS RELATING TO THE PLACING

There has been no prior public market for the Shares and the liquidity, market price and trading volume of the Shares may be volatile

Prior to the Listing, there is no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Placing. Factors such as variations in the Group's revenues, earnings and cash flows, strategic alliances or acquisitions made by the Company or the Group's competitors, industrial or environmental accidents suffered by the Group, loss of key personnel, litigation or fluctuation in the market prices for the Group's products or raw materials, the liquidity of the market for the Shares, the general market sentiment regarding the industry could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond the Group's control and unrelated to the performance of the Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, you may not be able to sell the Shares at or above the Placing Price.

Investor may experience dilution if the Company issues additional Shares in the future

The Company may issue additional Shares upon exercise of the options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, the Company may need to raise additional funds in the future to finance business expansion or new development and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro-rata basis to the existing Shareholders, the shareholding of such Shareholders in the Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Placing Shares.

Any disposal by the Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. The Group cannot predict the effect, if any, of any future sales of the Shares by any of the Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the market price of the Shares. Sales of a substantial number of Shares by any of the Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

The Controlling Shareholders have undertaken that any disposal of the Shares held by them will be subject to constraints for an additional 24 months in addition to the requirement under the GEM Listing Rules. There is no assurance that such undertaking will not be waived and such waiver can be granted without recommendations of the independent committee of the Board and/or the approval of the independent Shareholders

In addition to the undertakings to the Stock Exchange pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Company, the Sponsor, the Lead Manager, the Co-Managers and the Underwriters that for a further 24 months commencing on the date immediately following the expiry of the period undertaken pursuant to Rule 13.16A(1) of the GEM Listing Rules, they will not, and procure that the relevant registered holder(s) will not, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he/it would either individually or together cease to be a Controlling Shareholder.

Such undertaking can be waived as agreed between the Company, the Sponsor, the Lead Manager, the Co-Managers and the Underwriters without recommendations of the independent committee of the Board comprising independent non-executive Directors and/or the approval of the independent Shareholders. Should the undertaking be waived, there is no assurance that the Controlling Shareholders will not dispose of their Shares. Sale of Shares in the public market by the Controlling Shareholders or any market perception that their sale of shares might occur, could adversely affect the market price of the Shares. For details of the undertaking, please refer to the section headed "Underwriting" in this prospectus.

RISKS RELATING TO THIS PROSPECTUS

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon

Certain facts, statistics, and data presented in the section headed "Industry overview" and elsewhere in this prospectus relating to the industry in which the Group's operation have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. The Company believes that the sources of the information are appropriate sources for such information, and the Sponsor and the Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, the Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither the Group, the Directors, the Sponsor, the Lead Manager (also in its capacity as the Bookrunner and the Underwriter), the Co-Managers, the Underwriters, their respective affiliates or advisers nor any parties involved in the Placing have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

The future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. The future results could differ materially from those expressed or implied by such forward looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking statements" in this prospectus.

Investors should read this entire prospectus carefully and the Company strongly cautions you not to place any reliance on any information (if any) contained in press articles or other media regarding the Group and the Placing including, in particular, any financial projections, valuations or other forward looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to the Group and the Placing that is not set out in this prospectus. The Company wishes to emphasise to potential investors that neither the Company nor any of the Sponsor, the Lead Manager (also in its capacity as the Bookrunner and the Underwriter), the Co-Managers, the Underwriters, the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Placing has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by the Company or any of the Professional Parties. Neither the Company nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, the Company disclaims any responsibility, liability whatsoever in connection therewith or resulting therefrom.

Accordingly, prospective investors should not rely on any such information in making your decision as to whether to invest in the Placing Shares. You should rely only on the information contained in this prospectus.