i.century Holding Limited
愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507

SHARE OFFER

Sole Sponsor

MESSIS 大有融資

Joint Bookrunners and Joint Lead Managers

ASTRUM

駿昇證券有限公司
Quasar Securities Co., Limited

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**120,000,000 Shares (comprising 100,000,000 New Shares and 20,000,000 Sale Shares)**
Number of Placing Shares	**:**	**108,000,000 Shares (comprising 88,000,000 New Shares and 20,000,000 Sale Shares, subject to reallocation)**
Number of Public Offer Shares	**:**	**12,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.60 per Offer Share and not less than HK$0.50 per Offer Share (payable in full on application in Hong Kong dollars plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**8507**

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Quasar Securities Co., Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents in this prospectus.

A copy of this prospectus having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VI to this prospectus has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above

The Offer Price is currently expected to be fixed by agreement among the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) on the Price Determination Date, which is expected to be on or around Monday, 9 April 2018. The Offer Price will be not more than HK$0.60 and is currently expected to be not less than HK$0.50 unless otherwise announced. If our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse immediately. In such case, an announcement will be made immediately by our Company on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.icenturyholding.com. The Joint Bookrunners may with the prior consent of our Company (for itself and on behalf of the Selling Shareholder) reduce the indicative Offer Price range below such indicative Offer Price range as stated in this prospectus at any time prior to the Price Determination Date. If this occurs, a notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.icenturyholding.com.

Prospective investors of the Offer Shares should note that the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are entitled to terminate the Underwriting Agreements by giving a notice in writing to our Company if certain circumstances arise prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such circumstances are set out under the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus. It is important that you carefully read such section for further details.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the Application Forms may not be used for the purpose of, and does not (and is not intended to) constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus or the Application Forms and the offering of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

29 March 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at www.icenturyholding.com and the website of the Stock Exchange at www.hkexnews.hk.

	(Note 1)
Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Thursday, 29 March 2018
Application lists for Public Offer open *(Note 2)*	11:45 a.m. on Friday, 6 April 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, 6 April 2018
Latest time for giving **electronic application instructions** to HKSCC *(Note 3)*	12:00 noon on Friday, 6 April 2018
Application lists for Public Offer close *(Note 2)*	12:00 noon on Friday, 6 April 2018
Expected Price Determination Date on or about *(Note 4)*	Monday, 9 April 2018
Announcement of the final Offer Price, indication of the level of interest in the Placing, the level of applications of the Public Offer, the basis of allocation of the Public Offer Shares to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.icenturyholding.com** on or before *(Note 5)*	Friday, 13 April 2018
Announcement of results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.icenturyholding.com** (for further details, please see the section headed "How to apply for Public Offer Shares – 10. Publication of results" of this prospectus) on or before	Friday, 13 April 2018
Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function from	Friday, 13 April 2018

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications (if applicable) in case the final Offer Price is less than the maximum Offer price paid for the applications pursuant to the Public Offer on or about *(Note 6, Note 7, Note 8 & Note 9)*	Friday, 13 April 2018
Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or about *(Note 6, Note 7, Note 8, Note 10 & Note 11)*	Friday, 13 April 2018
Dealings in the Shares on GEM to commence at 9:00 a.m. on	Monday, 16 April 2018

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 April 2018, the application lists will not open on that day. For further details, please see section headed "How to apply for Public Offer Shares – 9. Effect of bad weather on the opening of the application lists" in this prospectus.

3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS" of this prospectus.

4. The Price Determination Date is expected to be on or about Monday, 9 April 2018. If, for any reason, the Offer Price is not agreed on or before Wednesday, 11 April 2018 between our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.

5. None of our Company's website or any of the information contained in our Company's website forms part of this prospectus.

6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) and have provided all information required may collect their refund cheques (if applicable) and/or Share certificates (if applicable) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Friday, 13 April 2018 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.

   Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants who are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and have provided all information required may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

8. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to apply for Public Offer Shares – 13. Despatch/collection of share certificates and refund monies" in this prospectus.

9. Refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$0.60 per Offer Share.

10. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

11. Share certificates for the Public Offer Shares are expected to be issued on or about Friday, 13 April 2018 but will only become valid certificates of title at 8:00 a.m. on Monday, 16 April 2018 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and conditions of the Share Offer" in this prospectus.

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners and the Underwriters have not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors or affiliates of any of them, or any other persons or parties involved in the Share Offer. The contents on our Company's website at www.icenturyholding.com do not form part of this prospectus.

Page

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

Various expressions used in this summary are defined under the sections headed "Definitions" and "Glossary" in this prospectus.

OVERVIEW

Established in Hong Kong in 2008, we are an apparel SCM services provider and our services ranging from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. Our key products consist of:

(i) Jackets;

(ii) Woven shirts;

(iii) Pullovers;

(iv) Pants and shorts; and

(v) T-shirts.

During the Track Record Period, we also manufactured other products such as vests and accessories, including socks and bags. For details of our products, please refer to the paragraph headed "Products" under the section headed "Business" on pages 92 to 98 of this prospectus.

We do not possess our own brand and all of our products are manufactured in accordance with the specifications and requirements provided by our customers. We propose suggestions to our customers in relation to design and specifications such as choice of raw materials, styling and pattern in order to meet our customers' brand requirements and budgets. We produce prototype samples and salesman samples for our customers' approval once the production details such as production specifications and production schedule are confirmed. When bulk purchase orders are placed, we produce pre-production samples for our customers' final approval before mass production. We usually meet with our customers in advance of each main fashion season (i.e. spring, summer, fall and holidays) to understand their plans and recommend to them new product specifications and fashion trends in preparation for their upcoming collection.

During the Track Record Period, our products were sold to over 30 countries. The U.S. and France were our two largest markets, of which sales to the U.S. amounted to approximately HK$69.0 million, HK$73.5 million and HK$35.6 million for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, representing approximately 73.2%, 63.3% and 50.9% of our total revenue, and sales to France amounted to approximately HK$8.2 million, HK$20.9 million and HK$16.2 million for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, representing approximately 8.7%, 18.0% and 23.1% of our total revenue, respectively. Our products were also sold to other European countries such as Netherlands and the United Kingdom, as well as other locations such as Australia, Canada and Japan.

During the Track Record Period, some of our products were manufactured by Jiangmen Majestic, which accounted for approximately 6.0% and 17.5% of our cost of sales for the year ended 31 March 2017 and the six months ended 30 September 2017, respectively. Other than such portion of products manufactured by Jiangmen Majestic, all of our products during the Track Record Period were manufactured by either our manufacturer suppliers or other manufacturers engaged by our trading company suppliers. Jiangmen Majestic is a company incorporated in PRC which as at 21 August 2017 was held by Billion Success as to 60% of its entire registered capital. Billion Success was formerly wholly-owned by Ms. Tam, an executive Director of our Company and one of the Controlling Shareholders. Ms. Tam disposed her entire interest in Billion Success to an Independent Third Party on 21 August 2017. For further details of the relationship between our Group and Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" in this prospectus.

We have quality control procedures in place throughout the production process. Our merchandising department follows up with our suppliers at various stages of the production process to ensure they conform with the specifications and requirements of our customers. Our quality control staff will perform final quality inspection before packaging for delivery. We also manage the logistic arrangements for delivery of our products directly from our suppliers to our customers.

COMPETITIVE STRENGTHS

We believe our success and our potential for further growth are attributable to, among other things, the following competitive strength:

- Provision of full spectrum of apparel SCM services
- Established business relationships with renowned international trendy brands
- Our ability to provide a wide range of apparel products and accessories with flexible manufacturing solutions
- Management team with extensive apparel industry knowledge and experiences

For details, please refer to the paragraph headed "Competitive strengths" under the section headed "Business" on pages 82 to 84 of this prospectus.

BUSINESS STRATEGIES

Our goal is to achieve sustainable growth and further strengthen our overall competitiveness and business growth in the apparel SCM services industry. We intend to achieve our goal by implementing the following strategies:

- Strengthening customer relationships and enhancing market presence by setting up representative offices in the U.S. and France
- Establishing a quality control office in the PRC

For details of our business strategies, please refer to the paragraph headed "Business strategies" under the section headed "Business" on pages 84 to 88 of this prospectus.

PRICING

We usually adopt a cost-plus pricing strategy and our prices are generally quoted in USD. We generally consider factors such as overhead expenses, purchase cost as well as our expected profit margin to determine the prices of our products. In order to accommodate different customers with different budgets, we will usually provide recommendations on product design and specifications such as choice of raw materials, styling and pattern so as to keep our prices within our customers' budgets.

CUSTOMERS AND SUPPLIERS

We had served 50, 37 and 36 customers for the two years ended 31 March 2017 and the six months ended 30 September 2017, respectively. The fluctuation of customers was mainly because (i) for the year ended 31 March 2016, nine customers only purchased product samples from us on a one-off basis and (ii) for the year ended 31 March 2017 and the six months ended 30 September 2017, we ceased selling products to three and two customers, respectively, having considered whether they had been punctual in settling our trade receivables, their financial status and their ability to settle our invoices in the future. For the years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, the revenue from our five largest customers accounted for approximately 61.8%, 65.2% and 62.4% of our total revenue, respectively, and our largest customer accounted for approximately 20.0%, 24.2% and 37.3% of our total revenue, respectively. During the Track Record Period, all of our five largest customers were Independent Third Parties. For details of our five largest customers, please refer to the paragraph headed "Our customers" under the section headed "Business" on pages 113 to 116 of this prospectus.

For the years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, the aggregate cost incurred for purchases from our largest supplier accounted for approximately 18.4%, 9.6% and 17.5% of our cost of sales, respectively, whereas our costs incurred for purchases from our five largest suppliers in aggregate amounted to approximately 46.4%, 44.9% and 64.4% of our cost of sales, respectively. During the Track Record Period, except for Jiangmen Majestic, all of our five largest suppliers were Independent Third Parties. For details of our five largest suppliers, please refer to the paragraph headed

"Procurement and suppliers" under the section headed "Business" on pages 101 to 104 of this prospectus. During the Track Record Period, some of our products were manufactured by Jiangmen Majestic, which amounted to approximately HK$5.2 million or approximately 6.0% of our cost of sales for the year ended 31 March 2017 and approximately HK$9.3 million or approximately 17.5% of our cost of sales for the six months ended 30 September 2017. For details of Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" on pages 74 to 76 of this prospectus.

SEASONALITY

The apparel market exhibits seasonality and is subject to dynamic changes in trends and consumers' preferences. We generally record higher sales from around May to August due to higher demand for fall and holiday seasons from our U.S. customers, and from December to January due to higher demand for spring season from our U.S. customers. The sales generated in these months in aggregate accounted for approximately 64.9%, 70.5% and 73.0% of our total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively.

Changes in weather conditions will also affect end consumers' preference and also their consumption behaviour. Certain extreme and unpredictable weather patterns may also affect consumer spending and preferences in response to weather changes and other disruptive events. 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 impact our sales. If we fail to respond to new seasonality trends or consumer spending behaviour, our revenue, business conditions and financial position may be adversely affected.

COMPETITIVE LANDSCAPE

The apparel SCM market in Hong Kong was fragmented with more than 10,000 players for the year ended 31 March 2017, leading to fierce competition among service providers in terms of product development, price, quality control and delivery of products. Moreover, the changing demands from the consumption market drive various retail brands to require for higher quality, shorter lead time and competitive prices in the apparel SCM market in Hong Kong, which tends to further exert pressure on the market players. Leading players in the apparel SCM market of Hong Kong are featured with the provision of integrated SCM solutions where SCM services along with comprehensive value added services such as procurement of raw materials, product development and consulting of products are involved. Benefiting from the extensive experience in the market, leading players have established long-term cooperative relationships with raw materials suppliers from the upstream, which guarantees the companies sufficient supply for mass production. The lower sourcing cost and the high large-volume production capacity further lead to more guaranteed lead time and competitive price of the players. According to Frost & Sullivan Report, we had an estimated market share of approximately 0.1% in terms of total revenue in SCM market in Hong Kong. For further information regarding the competitive landscape of the industry in which our Group operates, please refer to the paragraph headed "Competitive landscape of apparel SCM market in Hong Kong" under the section headed "Industry overview" on pages 51 to 53 of this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following table sets forth our key operational and financial data during the Track Record Period:

Result of operations

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	94,155	116,154	70,596	69,843
Cost of sales	(70,953)	(86,444)	(51,640)	(52,991)
Gross profit	23,202	29,710	18,956	16,852
Profit before tax	11,838	17,535	12,562	720
Profit and total comprehensive income for the year	9,907	14,518	10,489	(1,150)
Adjusted net profit *(Note)*	9,907	14,743	10,489	9,466

Note: Adjusted net profit represents our profit and total comprehensive income for the year/period attributable to owners of our Company for the year/period excluding Listing expenses. Adjusted net profit is not a measure of performance under HKFRSs and accounting principles generally accepted in Hong Kong. The use of these non-HKFRSs measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

The following table sets out a breakdown of our revenue during the Track Record Period by product types:

	Year ended 31 March				**Six months ended 30 September**			
	2016		**2017**		**2016**		**2017**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	38,008	40.4	50,864	43.8	36,075	51.1	45,503	65.2
Woven shirts	15,096	16.0	17,369	15.0	9,290	13.1	6,565	9.4
Pullovers	6,965	7.4	14,183	12.2	10,394	14.7	3,228	4.6
Pants and shorts	15,698	16.7	19,386	16.7	6,324	9.0	8,027	11.5
T-shirts	14,808	15.7	10,738	9.2	6,201	8.8	5,270	7.5
Other products *(Note)*	3,580	3.8	3,614	3.1	2,312	3.3	1,250	1.8
Total	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

Set out below are the gross profit and the gross profit margin for each product type during the Track Record Period:

	Year ended 31 March				**Six months ended 30 September**			
	2016		**2017**		**2016**		**2017**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	8,845	23.3	12,454	24.5	9,247	25.6	9,636	21.2
Woven shirts	3,862	25.6	3,970	22.9	2,236	24.1	1,565	23.8
Pullover	1,695	24.3	3,487	24.6	2,660	25.6	920	28.5
Pants and shorts	3,817	24.3	5,651	29.1	2,101	33.2	2,756	34.3
T-shirts	4,073	27.5	3,167	29.5	2,219	35.8	1,683	31.9
Other products *(Note)*	910	25.4	981	27.1	493	21.3	292	23.3
Overall	23,202	24.6	29,710	25.6	18,956	26.9	16,852	24.1

Note: Other products include, for example, vests and accessories such as socks and bags.

Our revenue increased by approximately 23.4%, or approximately HK$22.0 million from approximately HK$94.2 million to approximately HK$116.2 million for the year ended 31 March 2017. The increase in revenue was mainly attributable to the increase in our total sales volume from approximately 722,493 units for the year ended 31 March 2016 to approximately 921,075 units for the year ended 31 March 2017. Our revenue decreased by approximately 1.1% or approximately HK$0.8 million from approximately HK$70.6 million for the six months ended 30 September 2016 to approximately HK$69.8 million for the six months ended 30 September 2017. The decrease in revenue was mainly attributable to the decrease in the average selling price from HK$136.5 per unit for the six months ended 30 September 2016 to approximately HK$126.9 per unit for the six months ended 30 September 2017 notwithstanding the increase in total sales volume from 517,081 units to 550,403 units. For further explanations, please refer to the paragraph headed "Comparison of results of operations" under the section headed "Financial information" on pages 168 to 178 of this prospectus.

Our gross profit amounted to approximately HK$23.2 million and HK$29.7 million for each of the two years ended 31 March 2016 and 2017, respectively. Our overall gross profit margin was approximately 24.6% and 25.6%, respectively. The increase in gross profit margin of jackets pants and shorts was mainly attributable to (i) the increase in revenue of jackets and pants and shorts; (ii) the cost reduction resulted from the increase in purchase volume, which lead to decrease in unit purchase cost; and (iii) the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) to accommodate the rising purchase cost due to the rising labour costs. The decrease in gross profit margin of woven shirts was mainly attributable to (i) our price adjustment to maintain our woven shirts price competitiveness against our competitors who manufacture woven shirts in the South and Southeast Asian countries generally with a lower cost; and (ii) our average purchase cost of woven shirts remained relatively stable. The gross profit margin of pullovers remained stable during the Track Record Period. The increase in gross profit margin of T-shirts was mainly attributable to the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) to accommodate the rising purchase cost due to the rising labour costs.

Our gross profit amounted to approximately HK$19.0 million and HK$16.9 million for the six months ended 30 September 2016 and 30 September 2017 respectively. Our overall gross profit margin was approximately 26.9% and 24.1% respectively. The decrease in gross profit margin of jackets was mainly attributable to (i) decrease in average selling price as a result of the price adjustment in light of the significant increase in sales volume to GSM; and (ii) the increase in average purchase cost per unit from approximately HK$128.0 for the six months ended 30 September 2016 to approximately HK$134.8 for the six months ended 30 September 2017 due to higher purchase costs incurred to accommodate the designated delivery timeframe as requested by our new customers. The decrease in gross profit margin of T-shirts was mainly due to (i) decrease in average selling price as a result significant increase in sales of T-shirts to a customer which have lower selling price and price adjustment in light of the increase in sales volume to Customer A notwithstanding the cost reduction as a result of the Group's strategy to diversify their list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC. The gross profit margin of woven shirts remained stable. The decrease in overall gross profit margin was partially offset by the increase in gross profit margin of pullovers and pants and shorts. The increase in gross profit margin of pullovers was mainly due to the cost reduction resulted from the Group's strategy to diversify their list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC. The increase in gross profit margin of pants and shorts was mainly due to (i) the increase in revenue of pants and shorts; and (ii) the cost reduction resulted from the Group's strategy to diversify their list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC.

For further explanations, please refer to the paragraph headed "Comparison of results of operations" under the section headed "Financial information" on pages 168 to 178 of this prospectus.

Our profit and total comprehensive income for the year increased from approximately HK$9.9 million for the year ended 31 March 2016 to approximately HK$14.5 million for the year ended 31 March 2017. The increase was mainly attributable to the increase in revenue from approximately HK$94.2 million to approximately HK$116.2 million as a result of the increase in total sales volume.

Our profit and total comprehensive income for the six months decreased from approximately HK$10.5 million for the six months ended 30 September 2016 to a loss of approximately HK$1.2 million. Such decrease was mainly attributable to (i) the increase of Listing expenses of approximately HK$10.6 million; (ii) the decrease in gross profit by approximately HK$2.1 million due to the decrease in revenue for the six months ended 30 September 2017; and (iii) the increase in cost of sales by approximately HK$1.4 million due to the increase in total sales volume notwithstanding a decrease in average purchase cost per unit for the six months ended 30 September 2017.

Price range and average selling price

Set out below are the price range of our products for each product type during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*
	HK$	*HK$*	*HK$*	*HK$*	*HK$* (unaudited)	*HK$* (unaudited)	*HK$*	*HK$*
Jackets	84.3-1,428.8	194.3	66.4-1,282.0	168.5	84.3-722.1	172.2	49.7-815.3	171.0
Woven shirts	87.7-524.1	139.5	73.8-543.6	136.0	73.8-426.3	139.3	59.4-485.3	135.7
Pullovers	69.9-439.7	124.6	66.0-698.9	111.3	69.9-698.9	116.6	76.9-458.1	103.5
Pants and shorts	42.3-698.9	120.0	57.1-427.1	110.8	57.1-419.3	128.4	46.6-437.9	105.3
T-shirts	33.8-427.1	71.8	32.0-427.1	63.5	37.7-384.4	69.3	24.5-323.8	44.8
Other products *(Note 2)*	5.0-482.2	139.3	21.7-776.5	180.1	21.7-582.4	176.9	23.9-500.8	113.5
Overall		130.3		126.1		136.5		126.9

Notes:

1. The average selling price represents the revenue for that period divided by the total volume for that period.

2. Other products include, for example, vests and accessories such as socks and bags.

The selling price of each of the product types depends primarily on, among other things, overhead expenses, purchase cost, as well as our expected profit margin. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers.

The average selling price per unit of our key products, including jackets, woven shirts, pullovers, pants, shorts and T-shirts, decreased in the year ended 31 March 2017. Such decrease was mainly attributable to (i) the increase in sales of products with lower selling price; (ii) price adjustment in light of increase in sales volume to certain customers with bulk orders; and/or (iii) price adjustment to maintain competitiveness due to intense competition from competitors engaging South and Southeast Asian manufacturers at lower cost. The average selling price per unit of these products decreased in the six months ended 30 September 2017, compared with the six months ended 30 September 2016. Such decrease was mainly attributable to (i) the increase in sales of products with lower selling price; (ii) price adjustment in light of increase in sales volume to certain customers; and/or (iii) price adjustment to maintain competitiveness due to intense competition from competitors engaging South and Southeast Asian manufacturers at lower cost. For details, please refer to the paragraph headed "Average selling price" under the section headed "Financial information" in this prospectus.

Financial position

	As at 31 March		As at 30 September
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	7,360	7,217	7,153
Current assets	33,978	28,605	49,474
Non-current liabilities	6	43	43
Current liabilities	26,946	17,875	39,830
Net current assets	7,032	10,730	9,644
Total equity	14,386	17,904	16,754

We recorded net current assets of approximately HK$7.0 million and HK$10.7 million as at 31 March 2016 and 2017, respectively. This was mainly due to the decrease in current liabilities from approximately HK$26.9 million as at 31 March 2016 to approximately HK$17.9 million as at 31 March 2017, which was in turn primarily attributable to (i) the reduction in bank borrowing of approximately HK$3.0 million; (ii) the decrease in amounts due to related parties of approximately HK$2.8 million; and (iii) the decrease in trade and other payables of HK$3.0 million.

We recorded net current assets of approximately HK$9.6 million as at 30 September 2017, Such decrease was mainly due to the increase in current liabilities of approximately HK$22.0 million, which was in turn primarily attributable to (i) the increase in bank borrowings of approximately HK$7.0 million; and (ii) the increase in trade payables of approximately HK$8.4 million; and (iii) increase in other payables and accruals of approximately HK$6.9 million.

We recorded bank borrowings of approximately HK$10.1 million, HK$7.1 million and HK$14.2 million respectively as of 31 March 2016 and 2017, and 30 September 2017, and were mainly used for financing our daily operations. The increase in bank borrowings as of 30 September 2017 was mainly due to the payment of Listing expenses.

Cash flow

	Year ended 31 March		**Six months ended 30 September**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Operating cash flow before movements in working capital	13,256	18,199	939
Net cash generated from/(used in) operating activities	12,085	12,095	(1,662)
Net cash (used in)/generated from investing activities	(1,142)	5,582	(3,709)
Net cash used in financing activities	(877)	(19,971)	4,107
Cash and cash equivalents, net of bank overdrafts, at beginning of the year/ period	(2,372)	7,694	5,400
Cash and cash equivalents, net of bank overdrafts, at the end of the year/ period	7,694	5,400	4,136

For the year ended 31 March 2015, we suffered a default payment from a U.S. customer of approximately HK$ 3.6 million. During the Track Record Period, we filed a claim against this customer for the default payment, details of which is set out in the paragraph headed "Legal compliance and litigation" under the section headed "Business" in this prospectus. As such we increased our bank overdraft borrowing to settle the purchase costs to the related supplier, which lead to a negative cash and cash equivalents, net of bank overdrafts, at the beginning of the year ended 31 March 2016 of approximately HK$2.4 million. Our cash and cash equivalents, net of bank overdrafts, decreased from approximately HK$7.7 million for the year ended 31 March 2016 to approximately HK$5.4 million for the year ended 31 March 2017. Such decrease was mainly attributable to the increase in our net cash used in financing activities, which was in turn due to the dividend paid to the shareholders of approximately HK$11.0 million; and (ii) repayment of bank borrowings of approximately HK$8.7 million.

Key financial ratios

	Year ended/ As at 31 March 2016	2017	Six months ended/As at 30 September 2017
Return on total assets	24.0%	40.5%	Net loss
Return on equity	68.9%	81.1%	Net loss
Current ratio	1.3 times	1.6 times	1.2 times
Quick ratio	1.2 times	1.5 times	1.2 times
Gearing ratio *(Note 1)*	70.5%	39.8%	84.6%
Interest coverage	27.7 times	52.0 times	4.1 times
Gross profit margin	24.6%	25.6%	24.1%
Net profit margin	10.5%	12.5%	Net loss
Adjusted net profit margin *(Note 2)*	10.5%	12.7%	13.6%

Note:

1. Gearing ratio is calculated based on the interest-bearing liabilities divided by total equity at the end of the year.

2. Adjusted net profit margin is calculated by adjusted net profit for the year/period divided by the revenue for the respective year/period end and multiplied by 100%. Adjusted net profit for the year/period represents our profit for the year/period excluding Listing expenses. Adjusted net profit is not a measure of performance under HKFRSs and accounting principles generally accepted in Hong Kong. The use of these non-HKFRSs measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

Our return on total assets increased from approximately 24.0% in 2016 to approximately 40.5% in 2017. Such increase was mainly attributable to (i) the increase in profit and total comprehensive income for the year attributable to owners of our Company by approximately HK$4.6 million as a result of the increase in gross profit by approximately HK$6.5 million; and (ii) the decrease in total assets by approximately HK$5.5 million as a result of the decrease in the amount due from related companies by approximately HK$10.6 million, and offset by the increase in amount due from a shareholder by approximately HK$4.9 million due to debt reassignment from related companies.

For the six months ended 30 September 2017, we recorded a net loss of approximately HK$1.2 million, as opposed to a net profit of approximately HK$10.5 million for the six months ended 30 September 2016. Such decrease was mainly due to (i) the Listing expenses of approximately HK$10.6 million relating to the Company's Listing; and (ii) decrease in gross profit margin with reasons as discussed in the paragraph headed "Comparison of results of operations" under the section headed "Financial Information". In the event that the Listing expenses of approximately HK$10.6 million were excluded from the profit for the period and approximately HK$3.1 million of deferred Listing expenses were excluded from our total assets, our return on total assets would have been 17.7% for the six months ended 30 September 2017.

Our gearing ratio decreased from approximately 70.5% as at 31 March 2016 to approximately 39.8% as at 31 March 2017. Such decrease was mainly attributable to the decrease in bank borrowings by approximately HK$3.0 million. Our gearing ratio increased to approximately 84.6% as at 30 September 2017, which was mainly due to the increase of bank borrowings of approximately HK$7.0 million.

Our interest coverage increased from approximately 27.7 times for the year ended 31 March 2016 to approximately 52.0 times for the year ended 31 March 2017. The increase in interest coverage from 2016 to 2017 was mainly attributable to (i) the increase in profit before interest and tax as a result of increase in revenue and hence gross profit by approximately HK$6.5 million; and (ii) the repayment in bank borrowings by approximately HK$3.0 million during the year lead to the decrease of finance costs. Our interest coverage decreased to approximately 4.1 times for the six months ended 30 September 2017. Such decrease was due to the decrease in profit before interest and tax mainly resulting from (i) increase of Listing expenses of approximately HK$10.6 million; and (ii) decrease in gross profit margin with reasons as discussed in the paragraph headed "Comparison of results of operations" under the section headed "Financial Information". In the event that the Listing expenses were excluded in the calculations, our interest coverage would be approximately 49.9 times for the six months ended 30 September 2017.

Please refer to the paragraph headed "Key financial ratios" under the section headed "Financial information" on pages 190 to 194 of this prospectus for further discussion and analysis of our financial information.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer, our Company will be owned as to 70.0% by Giant Treasure. Giant Treasure, the principal business of which is investment holding and has not commenced any substantive business activities as at the Latest Practicable Date, is wholly owned by Mr. Leung and Ms. Tam (spouse of Mr. Leung). Since Giant Treasure, Mr. Leung and Ms. Tam will together be entitled to exercise and control more than 30.0% of our entire issued share capital immediately following the Listing, Giant Treasure, Mr. Leung and Ms. Tam together as a group will be regarded as our Controlling Shareholders, who will jointly exercise the undertakings required under the GEM Listing Rules, the details of which are set out in the paragraph headed "Undertakings by our Controlling Shareholders" in the section headed "Underwriting" of this prospectus. For more information relating to Mr. Leung and Ms. Tam, please see the section headed "Directors and senior management" on pages 139 to 140 of this prospectus.

DIVIDEND

During the year ended 31 March 2017, Majestic City International declared dividends of HK$11.0 million to its then shareholders.

The declaration and payment of future dividends will be subject to the decision of our Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to the approval of our Shareholders as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio. There can be no assurance that any dividends will be paid. Investors should consider the risk factors affecting our Group as set forth under the section headed "Risk factors" of this prospectus and the cautionary notice regarding forward-looking statements contained under the section headed "Forward looking statement" on page 23 of this prospectus.

LISTING EXPENSES

The total Listing expenses consisting of fees paid to various professional parties in relation to the Listing, are estimated to be approximately HK$25.8 million (assuming an Offer Price of HK$0.55 per Share, being the mid-point of the indicative range of the Offer Price), of which the Selling Shareholder shall bear approximately HK$0.7 million which represents the underwriting commission attributable to the sale of the Sale Shares and our Company shall bear the remaining approximately HK$25.1 million. Approximately HK$0.2 million and HK$10.6 million of our Listing expenses have been recognised in our consolidated statement of profit or loss and reflected in our financial information for the year ended 31 March 2017 and the six months ended 30 September 2017, respectively. We expect to incur an additional HK$14.3 million (based on the Offer Price of HK$0.55 per Share, being the mid-point of the indicative range of the Offer Price) in Listing expenses in connection with the Share Offer and the Listing after the Track Record Period, of which HK$6.0 million is expected to be recognised in our consolidated statement of profit or loss after 30 September 2017 and HK$8.3 million attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity. Our Directors would like to emphasise that such cost is a current estimate for reference only, and the final amount to be recognised to the income statement of our Group or to be capitalised is subject to adjustment based on audit and the subsequent changes in variables and assumptions.

Potential investors should note that the financial performance of our Group for the year ending 31 March 2018 is expected to be adversely affected by the non-recurring Listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

LEGAL COMPLIANCE AND LITIGATION

During the Track Record Period, there were no material legal proceedings, regulatory inquiries or investigations made or pending or threatened against any member of our Group. We filed a claim against a customer in the U.S. during the Track Record Period, and such case was fully settled by a settlement agreement between that customer and us as at the Latest Practicable Date. Please refer to paragraph headed "Legal compliance and litigation" under the section headed "Business" on page 126 of this prospectus for details.

RECENT DEVELOPMENT

For the nine months ended 31 December 2017, our sales volume for our products were as follows:

Product	Sales volume	Increase/decrease (period-to-period)
Jackets	373,850 units	37.0%
Woven shirts	70,617 units	-24.3%
Pullovers	43,202 units	-61.9%
Pants and Shorts	95,847 units	17.2%
T-Shirts	145,291 units	13.7%
Other products	14,733 units	-3.4%
Total	743,540 units	5.6%

For the nine months ended 31 December 2017, we experienced an overall increase in our sales volume as compared to the nine months ended 31 December 2016. Such increase was mainly due to (i) the increase in sales volume to a customer from 816 units to 77,780 units; and (ii) the increase in sales volume to GSM from 176,236 units to 242,093 units. For the nine months ended 31 December 2017, our average selling price increased by approximately 2.9%, while our average purchase cost increased by approximately 5.4% as compared to the year ended 31 March 2017. As a result, we experienced a slight drop in our gross profit margin for the nine months ended 31 December 2017.

Notwithstanding to the above, having considered the increase in our sales volume for the nine months ended 31 December 2017, our Directors consider that there had been no material change in our financial or trading position since 30 September 2017 and up to the Latest Practicable Date.

SHARE OFFER STATISTICS

	Based on the indicative Offer Price of HK$0.50 per Offer Share	Based on the indicative Offer Price of HK$0.60 per Offer Share
Market capitalisation *(Note 1)*	HK$200.0 million	HK$240.0 million
Pro forma adjusted net tangible asset value per Share *(Note 2)*	HK13.20 cents	HK15.10 cents

Notes:

(1) The calculation of market capitalisation at the Offer Price is based on 400,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue.

(2) The combined net tangible asset per Offer Share is based on the combined net tangible asset attributable to equity owners of our Company, estimated net proceeds from the Share Offer after deduction of the estimated underwriting fees and other related expenses payable by our Company, and 400,000,000 Shares expected to be in issue immediately following completion of the Share Offer and the Capitalisation Issue.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, save as disclosed in the paragraphs headed "Listing expenses" and "No material adverse change" under the section headed "Financial information" on pages 197 to 198 of this prospectus, (i) there has been no material adverse change in the general economic and market conditions, legal and regulatory environment, and the industry in which we operate that has materially and adversely affected our Group's financial or operating position since 30 September 2017, being the date to which our latest audited financial statements were prepared, (ii) there has been no other material adverse change in the operating and financial positions or prospects of our Group since 30 September 2017, and (iii) no event has occurred since 30 September 2017 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus.

REASONS FOR THE SHARE OFFER

We believe that the Share Offer and Listing will benefit our Group for the following reasons:

- Provide capital required to implement our business strategies
- Enhance our corporate profile and reputation
- Enhance our bargaining power to negotiate more favourable terms with our customers, business partners and creditors
- Gain access to capital market for future business development

For details, please refer to the paragraph headed "Reasons for the Share Offer" under the section headed "Business objectives and future plan" on pages 210 to 212 of this prospectus.

USE OF PROCEEDS

Based on the Offer Price of HK$0.55 per Offer Share (being the mid-point of the indicative Offer Price range), we estimate that the net proceeds from the Share Offer (after deducting the relevant portion of the underwriting fees and estimated expenses in connection with the Share Offer to be borne by our Group) will be approximately HK$29.9 million. We intend to allocate the net proceeds from the Share Offer for the purposes and in the amounts set out below:

	For the six months ending					
	30 September 2018 *(HK$'000)*	31 March 2019 *(HK$'000)*	30 September 2019 *(HK$'000)*	31 March 2020 *(HK$'000)*	Total *(HK$'000)*	Approximate % of the total net proceeds
(1) **Setting up representative offices in the U.S. and France**						
Setting up and leasing a representative office in Los Angeles, the U.S.	625	353	358	353	1,689	5.6%
Recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	1,784	1,784	1,784	1,784	7,136	23.9%
Arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	835	835	835	835	3,340	11.2%
Setting up and leasing a representative office in Paris, France	–	501	231	236	968	3.2%
Recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	–	1,413	1,413	1,413	4,239	14.2%
Arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in Europe	–	671	754	754	2,179	7.3%
(2) **Establishing a quality control office in the PRC**						
Setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	330	118	149	118	715	2.4%
Recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	543	1,086	1,086	1,086	3,801	12.7%
(3) **Repaying bank borrowings**						
Partially repaying a revolving loan with an interest rate of HKD prime rate + 0.5% per annum, which are used to finance our daily operations and are payable within one to three months from the drawdown date or on demand of the bank	4,000	–	–	–	4,000	13.4%
(4) **General working capital**	1,833	–	–	–	1,833	6.1%
	9,950	6,761	6,610	6,579	29,900	100.0%

For details, please refer to the section headed "Business objectives and future plans" on pages 205 to 214 of this prospectus.

As a result of utilising the net proceeds from the Share Offer of approximately HK$10.9 million (based on the Offer Price of HK$0.55 per Share, being mid-point of the Offer Price range of HK$0.50 and HK$0.60 per Offer Share) to set up representative offices in the U.S. and France and quality control office in the PRC during the year ending 31 March 2019, it is expected that the administrative expenses will increase substantially which may result in significant decline in net profit for that financial year.

We estimate that the Selling Shareholder will receive net proceeds of approximately HK$10.3 million based on the Offer Price of HK$0.55 per Share (being the mid-point of the indicative Offer Price range of HK$0.50 and HK$0.60 per Offer Share), after deducting the relevant portion of the underwriting commission to be borne by the Selling Shareholder and any applicable stamp duty in connection with the sale of Sales Shares in the Share Offer. We will not receive any of the net proceeds of the Share Offer from the sale of Sale Shares by the Selling Shareholder.

RISK FACTORS

We summarise below the most material risks to our operations. Prospective investors should refer to all the risk factors which may affect your investment decision in relation to the Share Offer as set out under the section headed "Risk factors" on pages 24 to 38 of this prospectus.

- We are exposed to credit risks of our customers.
- We rely on several major customers and we do not enter into long-term contracts with them. Any disruption in our business relationships with our major customers may materially and adversely affect our business, prospects, financial condition and results of operations.
- Our business is subject to intense competition from competitors engaging South and Southeast Asian manufacturers and if we fail to compete successfully against our competitors, our profitability and financial performance may be adversely affected.
- Risks relating to our business operations involving the U.S. and French customers as well as Brexit.
- We are dependent on third parties for the production of apparel products, any disruption in the relationships with our suppliers or their operations could adversely affect our business.
- Most of our suppliers are located in the PRC and any major adverse changes to the economic, political and social conditions of the PRC may adversely affect our business and results of operations.
- Any failure to maintain an effective quality control system will have a material and adverse effect on our business, financial conditions and results of operations.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed "Glossary" in this prospectus:

"Accountants' Report"	the accountants' report of our Group prepared by the Reporting Accountants set out in Appendix I to this prospectus
"affiliate(s)"	With respect to any person, any other person(s) directly or indirectly controlling or controlled by or under direct or indirect common control with such specifics person
"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on 20 March 2018 which will become effective upon the Listing, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"Application Form(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s) or, where the context so requires, any of them, relating to the Public Offer
"associate(s)"	has the same meaning as defined under the GEM Listing Rules
"AU$" or "AUD"	Australian dollars, the lawful currency of Australia
"Billion Success"	Billion Success Industrial Limited (潤億實業有限公司), a company incorporated in Hong Kong on 18 November 2015 with limited liability
"Board" or "Board of Directors"	the board of Directors
"business day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 299,999,000 new Shares to be made upon completion of capitalisation of HK$2,999,990 standing to the credit of the share premium account of our Company referred to in the paragraph headed "Written resolutions of our Shareholders passed on 20 March 2018" in Appendix V to this prospectus
"CBP"	U.S. Customs and Border Protection

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Century Momentum"	Century Momentum Group Limited (世力集團有限公司), a company incorporated in the BVI on 5 July 2017 with limited liability and a direct wholly-owned subsidiary of the Company upon completion of the Reorganisation
"China" or "PRC"	the People's Republic of China which shall, for the purpose of this prospectus, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies Law" or "Cayman Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	i.century Holding Limited(愛世紀集團控股有限公司), a company incorporated in the Cayman Islands on 20 June 2017 as an exempted company with limited liability
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the GEM Listing Rules and in the case of our Company, means Giant Treasure, Mr. Leung, and Ms. Tam

"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"CPSC"	Consumer Product Safety Commission
"CPSIA" or "the Improvement Act"	The Consumer Product Safety Improvement Act of 2008
"Deed of Indemnity"	the deed of indemnity dated 20 March 2018 entered into by the Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), further information of which is set out in the paragraph headed "1. Estate duty, tax and other indemnities" under the paragraph headed "Other information" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 20 March 2018 entered into by the Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries) as further detailed in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Director(s) or "our Director(s)"	the director(s) of our Company
"EU"	the European Union
"EUR"	Euro, the lawful currency of the European Union
"FDA"	U.S. Food and Drug Administration
"FFA"	The Flammable Fabrics Act
"Frost & Sullivan"	Frost & Sullivan Limited, an industry expert engaged by our Company to prepare the Frost & Sullivan Report and an Independent Third Party
"Frost & Sullivan Report"	an industry report prepared by Frost & Sullivan which was commissioned by us in relation to, among other things, the apparel SCM industry
"FTA"	Free-trade agreement
"FTC"	U.S. Federal Trade Commission
"GBP"	pound sterling, the lawful currency of the United Kingdom
"GDP"	gross domestic product

"GEM"	GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Giant Treasure"	Giant Treasure Development Limited, a company incorporated in the BVI on 18 November 2016 with limited liability and wholly-owned by Mr. Leung and Ms. Tam in equal shares
"Group", "our Group", "we" or "us"	our Company and its subsidiaries or any of them at the relevant point of time (including where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company)
"HK$", "HKD" or "HK dollars"	Hong Kong dollar, the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hong Kong Government"	the government of Hong Kong
"Hong Kong Legal Advisers"	Patrick Mak & Tse
"HS"	the International Convention on the Harmonized Commodity Description and Coding System
"HTSUS"	the Harmonized Tariff Schedule of the United States

"Independent Third Party(ies)"	individual(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is/are independent of and not connected with our Company or its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
"Jiangmen Factory"	a factory located at the city of Jiangmen of Guangdong Province in the PRC and operated by Jiangmen Majestic
"Jiangmen Majestic"	Jiangmen Majestic Apparel Company Limited (江門市萬斯服裝有限公司), a limited liability company incorporated in the PRC on 15 March 2016
"Jiangmenshi Mingzili"	Jiangmenshi Mingzili Apparel Company Limited (江門市明梓利服裝有限公司), a limited liability company incorporated in the PRC on 24 November 2015
"Joint Bookrunners" or "Joint Lead Managers"	Astrum Capital Management Limited and Quasar Securities Co., Limited, being the joint bookrunners and the joint lead managers to the Share Offer
"Joint Linker"	Joint Linker Investment Limited (榮聯投資有限公司), a company incorporated in Hong Kong on 12 April 2010 with limited liability and wholly-owned by Mr. Leung and Ms. Tam in equal shares, and is a connected person of our Company
"Latest Practicable Date"	20 March 2018, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
"Listing"	the proposed listing of the Shares on GEM
"Listing Date"	the date on which dealings in the Shares first commence on GEM
"Listing Division"	the Listing Division of the Stock Exchange
"Majestic City International"	Majestic City International Limited (萬斯國際集團有限公司), a company incorporated in Hong Kong on 18 August 2008 with limited liability and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 20 March 2018, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus

"Messis Capital" or "Sole Sponsor"	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor of the Listing
"Mr. Leung"	Mr. Leung Kwok Hung Wilson (梁國雄), an executive Director, the chairman of the Board, and chief executive officer of our Company, one of the Controlling Shareholders and the spouse of Ms. Tam
"Ms. Tam"	Ms. Tam Shuk Fan (譚淑芬), an executive Director of our Company, one of the Controlling Shareholders and the spouse of Mr. Leung
"New Shares"	the 100,000,000 new Shares to be offered for subscription at the Offer Price under the Share Offer
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final price for each Offer Share (exclusive of any brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which is currently expected to be not more than HK$0.60 per Offer Share and not less than HK$0.50 per Offer Share, such price to be determined as further described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Offer Shares"	collectively, the Placing Shares and the Public Offer Shares
"Placing"	the conditional placing by the Underwriters of the Placing Shares on behalf of our Company for cash at the Offer Price, as further described under the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Shares"	an aggregate of 108,000,000 Shares, comprising the 88,000,000 New Shares being offered by our Company for subscription and the 20,000,000 Sale Shares being offered by the Selling Shareholder for purchase at the Offer Price under the Placing subject to reallocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing and to be entered into between, among others, our Company, the Selling Shareholder, the executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters on or above the Price Determination Date
"PRC" or "China"	the People's Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"PRC Government"	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Price Determination Date"	Monday, 9 April 2018, being the date on which the Offer Price will be fixed
"Property Valuer"	Ascent Partners Valuation Service Limited, an Independent Third Party that specialises in property valuation, which prepared the letter, summary of valuations and valuation certificates relating to the properties of our Group, the text of which is set out in Appendix III to this prospectus
"Public Offer"	the offer of the Public offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 12,000,000 New Shares being offered by our Company for subscription at the Offer Price under the Public Offer subject to reallocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer named in the paragraph headed "Public Offer Underwriters" under the section headed "Underwriting" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 28 March 2018 relating to the Public Offer and entered into between, among others, our Company, the executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters, details of which are set out in the section headed "Underwriting" in this prospectus

"Reorganisation"	the corporate reorganisation undertaken by our Group in preparation for the Listing, particulars of which are set out in the section headed "History, reorganisation and corporate structure" in this prospectus
"Reporting Accountants"	HLB Hodgson Impey Cheng Limited
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the 20,000,000 Offer Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Share offer
"Selling Shareholder"	Giant Treasure, which legally and beneficially owns the Sale Shares, particulars of which are set out under the paragraph headed "Other information – 14. Particulars of the Selling Shareholder" in Appendix V to this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)" or "our Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Share Offer"	collectively, the Placing and the Public Offer
"Shareholder(s)" or "the Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this prospectus, refers to those individuals and corporations disclosed in the paragraph headed "Substantial Shareholders" under the section headed "Substantial Shareholders" in this prospectus or, where the context so requires, any one of them
"Success Great"	Success Great Corporation Limited (偉翹有限公司), a company incorporated in Hong Kong on 10 October 2014 with limited liability and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation

"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
"TFPIA"	The Textile Fiber Products Identification Act
"Track Record Period"	the two financial years ended 31 March 2016 and 2017 and the six months ended 30 September 2017
"Turbo Profit"	Turbo Profit Investment Limited (駿域投資有限公司), a company incorporation in Hong Kong on 12 April 2010 with limited liability and wholly-owned by Mr. Leung and Ms. Tam in equal shares, and is a connected person of our Company
"TTRS"	The Textiles Trader Registration Scheme
"Underwriters"	collectively, the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreement"	collectively, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
"United States" or "U.S."	the United States of America
"USD" or "US$"	United States dollar(s), the lawful currency of the United States
"USITC"	the U.S. International Trade Commission
"**WHITE** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who requires such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The English names of certain laws, regulations and entities are provided for identification purposes and for your convenience only. Some of these entities do not have registered English language names and, accordingly, in the event of any inconsistency, the Chinese names shall prevail.

* *For identification the purpose only*

This glossary of industry terms contains explanation of certain terms used in this prospectus as they relate to the industry in which our Group operates its business. These terms and their given meaning may not correspond to standard industry meaning or usage.

DDP	an abbreviation for delivered duty paid, which means that the seller must pay for all of the costs related to transporting the goods and is responsible in full for the goods until they have been received and transferred to the buyer. This includes paying for the shipping, the duties and any other expenses incurred while shipping the goods
FOB	an abbreviation for free on board, which means that title and risk pass to the buyer including payment of all transportation and insurance cost once delivered on board the ship by the seller; an international commerce term used for sea or inland waterway transportation
ODMs	an abbreviation for original design manufacturer, a business that designs and manufactures products for branding and resale by the customer
OEMs	an abbreviation for original equipment manufacturer, a business that manufactures products in accordance with the customer's design and specification for branding and resale by the customer
SCM	an abbreviation for supply chain management

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- the business strategies and plans of operations;
- our Group's financial condition;
- the capital expenditure plans;
- the amount and nature of, and potential for, future development of our Group's business;
- the operations and business prospects;
- the dividend policy;
- the projects under planning;
- our Group's relationships with our key customers;
- the regulatory environment of the relevant industry in general;
- the effects of the global financial markets and economic trends and conditions;
- the future development in relevant industry; and
- other factors referenced in this prospectus, including, without limitation, under the sections entitled "Risk Factors", "Industry Overview", "Business", and "Financial Information".

The words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "project", 'seek", "should", "will", "would" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our Group's current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of applicable laws, rules and regulations and the GEM Listing Rules, our Company does not have any obligation to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement set out in this section as well as the risks and uncertainties discussed under the section headed "Risk Factors" in this prospectus. In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

An investment in the Offer Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the Offer Shares. The occurrence of any of the following events could harm us. If any of these events occurs, our business, financial condition, results of operations and future prospects may be materially adversely affected and the trading price of the Shares may decline and you could lose all or part of your investment.

The risks and uncertainties described below may not be the only ones faced by our Company or our Group. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, results of operations and the future prospects of our Company and our Group. If any of the possible events described below occurs, the business, financial condition, results of operations and future prospects may be adversely and materially affected, the trading price of the Shares may decline and investors could lose all or part of their investment.

RISKS RELATING TO OUR BUSINESS

We are exposed to credit risks of our customers

We normally require our customers to settle our bills in full upon the delivery of goods. For major customers, we generally grant customers a credit period of up to 60 days. We do not have access to all information of our customers to determine their creditworthiness. The complete financial and operational conditions of our customers are not always available to us, and we may not be in any position to obtain such information. As a result, if any of our customers experiences any financial difficulty and fails to settle the outstanding amounts due to us in accordance with the agreed credit terms, our 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 our profitability. In such circumstances, our results of operations would be adversely affected. During the Track Record Period, we made impairment loss recognised in respect of trade receivables of approximately HK$0.8 million, HK$0.1 million and nil, respectively.

At the beginning of the Track Record Period, due to default payment of trade receivables by a customer in the U.S., we recorded a negative cash and cash equivalent balance of approximately HK$2.4 million. For the year ended 31 March 2015, 2016 and 2017 and the six months ended 30 September 2017, as a result of inabilities to collect the full trade receivables from that customer, we had incurred impairment loss of approximately HK$3.6 million, HK$0.7 million, nil and nil, respectively. During the Track Record Period, we filed a claim against that customer and as at the Latest Practicable Date, such case was fully settled by a settlement agreement between that customer and us. For details of our litigation, please refer to the paragraph headed "Legal compliance and litigation" under the section headed "Business" in this prospectus. We cannot assure that in the future there will not be any dispute with our customers which may result in making further provisions to the trade receivables.

We rely on a number of major customers and we do not enter into long-term contracts with them. Any disruption in our business relationships with our major customers may materially and adversely affect our business, prospects, financial condition and results of operations

During the Track Record Period, a high concentration of our revenue derived from a few major customers. Our five largest customers accounted for approximately 61.8%, 65.2% and 62.4% of the total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. In particular, approximately 20.0%, 24.2% and 37.3% of our total revenue were attributable to our largest customer for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. We had developed business relationships with our five largest customers for a period ranging from about one to seven years as at the Latest Practicable Date. However, there is no assurance that our business relationships with them will continue in the future.

Our customers place orders with us on an order by order basis and we do not enter into any long-term sales contracts with them. Our customers are not obligated in any way to continue to provide us 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 to be purchased from us or terminates the business relationship with us entirely, we may not 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. Given that a high concentration of our revenue was derived from our major customers, and loss of business with any of them means that our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our business is subject to intense competition from competitors engaging South and Southeast Asian manufacturers and if we fail to compete successfully against our competitors, our profitability and financial performance may be adversely affected

We face intense competition from competitors engaging South and Southeast Asian manufacturers, who are able to sell their products at competitive prices due to the comparatively lower labour cost in these regions, as compared to the higher labour cost in the PRC, which poses a threat to apparel SCM services providers that engage manufacturers in the PRC such as our Group. Due to such intense competition, we were under pressure to lower the average selling price of our woven shirts during the Track Record Period in order to maintain competitiveness amongst other woven shirts manufactured in South and Southeast Asia, which led to the decrease in the gross profit margin of our woven shirts. For details, please refer to the sections headed "Average selling price" and "Year ended 31 March 2017 compared to year ended 31 March 2016 – Gross profit and gross profit margin" under the section headed "Financial information" in this prospectus.

In face of the above competition, we may lose bargaining power with our customers to increase or even maintain our average selling price and gross profit margin. We cannot assure that the average selling price and gross profit margin of our woven shirts or other products will not further decrease if competition intensifies in the future. We cannot assure that we will be able to switch to other manufacturers that are able to manufacture our products at lower labour cost comparable to our competitors. If we fail to compete successfully against our competitors, our profitability and financial performance may be adversely affected.

Risks relating to our business operations involving the U.S. and French customers as well as Brexit

We rely significantly on the U.S. and French markets and any changes in each of the economic and regulatory conditions of the U.S. and France or changes in the business strategy of our respective U.S. and French customers may have a material impact on our business.

During the Track Record Period, the U.S. and France were our two largest markets based on the geographical destination of shipment of apparel products procured for our customers. Sales to the U.S. was approximately 73.2%, 63.3% and 50.9% of our total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. Sales to France was approximately 8.7%, 18.0% and 23.1% of our total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. In total, the amount of sales to these two markets for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 was approximately 81.9%, 81.3% and 74.0% of our total revenue, respectively.

Any change in economic and political conditions of these markets may adversely affect the spending habits of those end consumers and, therefore, the purchasing decisions of our U.S. and French customers, respectively. If there were a drastic decrease in the orders from our customers in these markets, we cannot guarantee that we could increase orders from other markets to make up for the loss of sales. This would adversely affect our business operations and financial results. Further, we cannot assure that we will be able to respond quickly to any economic, market or regulatory changes in each of the U.S. and French markets, and any failure to do so may cause an adverse effect on our business performance, financial condition and results of operations.

Further, our Group faces potential risks associated with Brexit, which poses uncertainty to the apparel industry in France. Since the Brexit referendum, pound sterling has dropped, making French retail brands and online platforms less attractive compared with their British counterparts. There is no assurance that the renegotiation of trade agreements between the United Kingdom and the EU will not cause pound sterling to drop further, in which case consumers may become more willing to spend in the British market than in the French market for comparable products. Further, the outcome of renegotiation potentially poses threats to the supply chain of apparel industry considering that apparel industries in Europe are highly integrated. There is no assurance that the renegotiation outcome will not have a negative impact on the French apparel industry or our French customers, which may in turn affect the business of our Group as their apparel SCM services provider. Any of these events could have an adverse effect on our business, financial conditions, results of operations and prospects.

We are dependent on third parties for the production of apparel products, any disruption in the relationships with our suppliers or their operations could adversely affect our business

Most of our products during the Track Record Period were either produced by our manufacturer suppliers or other manufacturers as engaged by our trading company suppliers, located in the PRC. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we engaged 27, 19 and 20 manufacturer suppliers and 31, 20 and 14 trading company suppliers in total, and the purchase from our five largest suppliers accounted for approximately 46.4%, 44.9% and 64.4% of our total cost of sales, respectively. As such, we rely heavily on the ability and efficiency of our suppliers to produce our products and they therefore play a vital role in our apparel SCM services. We do not enter into any long term contracts with our suppliers and we engage them on a case-by-case basis depending on the needs and requirements of our customers. There is no assurance that all or any of our suppliers will continue to produce apparel products for us at the desired quality and quantity, in a timely manner and on commercially acceptable terms. As requested by our suppliers, we usually make approximately 20.0% to 30.0% deposit to them. Any disruption in the operations of our suppliers including failure to produce our products on time or at all after receiving our deposits, may inevitably have negative impact on their ability to produce the apparel products in line with the required schedule. If any of our key suppliers terminates the business relationship with us or if there are any changes to the current business arrangements, we may not be able to source stable and suitable products from comparable alternative suppliers in a timely manner or on commercially acceptable terms. Any of these events may result in production delay and would adversely affect our ability to fulfil customers' orders and in turn adversely affect our sales and profitability. We may further be liable to pay compensation to our customers in the event of late delivery.

Further, as we do not enter into any long-term agreement with our suppliers, the terms of services provided by them may also be subject to fluctuations with regard to pricing, timing and quality. We may not be able to pass on all or any of the increase in production costs to our customers. In this event, our financial performance may be materially and adversely affected.

Most of our suppliers are located in the PRC and any major adverse changes to the economic, political and social conditions of the PRC may adversely affect our business and results of operations.

Most of our suppliers are located in the PRC. Our operations and financial results could, therefore, indirectly be adversely affected by changes in political, economic and social conditions or 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 are export-driven at present and, therefore, are affected by developments in the economies of the principal trading partners of the PRC and other export-driven economies. Since late 2003, the PRC Government has implemented a number of measures to prevent the PRC economy from overheating. Many of the economic reforms undertaken by the PRC Government are unprecedented and may be subject to change, revision or abolition. On the other hand, as suggested by the Frost & Sullivan Report, the annual salary of employees from urban manufacturing industry grew at a CAGR of approximately 9.4% from 2012 to 2016, which in turns increased the total costs of apparel SCM industry in Hong Kong. We can offer 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 affect our manufacturer suppliers and trading company suppliers which in turn may adversely affect our operating and financial results.

Any failure to maintain an effective quality control system could have a material and adverse effect on our business, financial conditions and results of operations

The quality of our products is dependent on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, our ability to recruit and retain experienced quality control staff, our ability to ensure that our employees adhere to our quality control policies and guidelines. We conduct a general assessment of potential suppliers before approving them as our suppliers, and we also assess the performance of our approved suppliers on an on-going basis. We have internal guidelines and policies governing our procedures in inspecting our products. Our quality control staff will conduct an interim and a final inspection of our products in accordance with our internal guidelines as well as the requirements of our customers and issue a report of the inspection results. Before delivery, samples of our products will be sent to customers' approval to ensure they are satisfied with the product quality. Any failure in our quality control system could result in the production of defective or substandard products, which in turn may impair our reputation, result in delays in the delivery of our products and the need to replace defective or substandard products, which could have a material and adverse impact on our business, financial conditions and results of operations.

Our profitability and financial performance may be adversely affected by the potential increase in operational costs associated with our expansion plan, which may result in a significant decline in the net profit for the year ending 31 March 2019

As set out in details in the section headed "Business objectives and future plans" in this prospectus, our expansion plan is to set up a representative office in the U.S. and France respectively and establish a quality control office in the PRC. The annual operational costs of the two representative offices are expected to be approximately HK$10.8 million, representing (i) rental cost, (ii) salaries, and (iii) expenses for arranging our staff to attend trade shows and sourcing shows. The annual operational costs of the quality control office are expected to be approximately HK$2.4 million, representing (i) rental cost and (ii) salaries.

Accordingly, our overall operational costs are expected to increase. There is no assurance that the actual operational costs will not exceed our estimation. Further, there is no assurance that the benefits of our expansion plan, such as increase in revenue, will be as significant as expected or sufficient to outweigh the additional operational costs. As such, our profitability and financial performance may be adversely affected.

Further, as a result of utilising the net proceeds from the Share Offer of approximately HK$10.9 million (based on the Offer Price of HK$0.55 per Share, being mid-point of the Offer Price range of HK$0.50 and HK$0.60 per Offer Share) to set up representative offices in the U.S. and France and quality control office in the PRC during the year ending 31 March 2019, it is expected that the substantial increase in the administrative expenses may result in a significant decline in our net profit for that financial year.

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

In respect of our business, there are often time lag between making payments to our suppliers and receiving payments from our customers. Depending on years of business relationship, reputation and payment history of the customer, we may grant credit period of up to 60 days to our major customers and may not require any deposit from them. On the other hand, our suppliers usually allow us a credit period of 30 days and require approximately 20.0% to 30.0% deposit from us. We cannot assure that the credit and deposit terms with our suppliers will not become less favourable in the future, which may increase our cash flow mismatch risk. There is no assurance that the customers will make payments on time and in full. During the Track Record Period, our trade receivables turnover days were approximately 16.7 days, 19.9 days and 34.8 days, while our trade payables turnover days were approximately 11.9 days, 13.1 days and 22.5 days, respectively, details of which are discussed in the paragraphs headed "Trade receivables" and "Trade payables" under the section headed "Financial Information" in the prospectus. If we fail to properly manage our exposure from such cash flow mismatch or if we experience any difficulty in collecting a substantial portion of its trade receivables, our cash flows and financial position could be materially and adversely affected. Our reputation may also be negatively affected if we fail to pay our suppliers on time.

Fluctuations in the price, availability and quality of raw materials could affect our suppliers, which would then result in increased cost for us

As sourcing raw materials for our customers is a service mainly provided by our suppliers, our business is dependent on their ability to source sufficient supply of raw materials such as fabrics that meet our customers' requirements, including good quality, satisfactory prices and delivery in a timely manner. The availability of raw materials may be affected by many factors beyond our control, including natural disasters, 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 our suppliers and our customer's perception of our sourcing ability. Raw materials suppliers may take into account many factors, among other things, demand and supply when fixing the prices of their raw materials. Increases in raw materials prices will adversely affect our gross profit margin if such additional costs are passed on to us by our suppliers and if we are unable to pass such additional costs to our customers.

During the Track Record Period, we also purchased certain raw materials such as fabrics, buttons, zippers and labels on behalf of our suppliers for their production purpose. We do not enter into any long-term agreements with the raw materials suppliers. Based on the nature of customer orders, we 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 our existing suppliers will continue to supply the raw materials to us at favourable or similar prices, or at all.

In the event that the prices of raw materials increase and we are unable to increase the prices of the products to the same or higher extent, our profitability may be adversely affected.

Our sales are subject to seasonal fluctuation and hence our operating results 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

We have historically experienced and expect to continue to experience seasonal fluctuations. We generally record higher sales from May to August due to higher demand for fall and holidays products from our U.S. customers, and from December to January due to higher demand for spring products also from our U.S. customers. The sales generated in these months in aggregate accounted for approximately 64.9%, 70.5% and 73.0% of our total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. Therefore, our operating results for certain period within a calendar year or between any interim periods may not be taken as an indication of our performance for the entire calendar year. Hence, prospective investors should be aware of this seasonal fluctuation when making any comparison of our operating results.

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

Our apparel SCM solutions include the provision of modification suggestions to our customers regarding design and specifications such as choice of raw materials, styling and pattern in order to meet their brand requirements and budgets. The ability to anticipate future fashion trends and consumer demand and the ability to respond and take appropriate actions will be crucial to our future business growth and success in the apparel SCM industry. Nowadays, the apparel industry cycle has been accelerated significantly. Consumers are expecting a shorter designing period and more collections for new seasonal trends. Apparel SCM services providers are under the pressure to produce new products within shorter lead time to cater to the rapidly changing consumer preferences. Due to the highly subjective nature of the apparels market and the rapid change in trends for apparels, we may not be able to capture or predict the future fashion trend for our customers. If we can no longer meet the preferences of our customers and/or the end consumers, our results of operations, financial performance and business could be materially and adversely affected.

We are required to maintain sufficient level of working capital to sustain our business operations, failure to do so may materially and adversely affect our business operations and financial performance

We are required to maintain sufficient level of working capital on a continuous basis to fund our business operations, including the payment of deposit required by our suppliers, wages and other overhead expenses. For the two years ended 31 March 2016 and 2017, we recorded net cash generated from operating activities of approximately HK$12.1 million and HK$12.1 million respectively. For the six months ended 30 September 2017, we recorded net cash used in operating activities of approximately HK$1.7 million. Our operating cash flows may be adversely affected by a variety of factors, such as macroeconomic factors that may lead to delay in payment from our customers. There is no guarantee that our business will be able to generate positive operating cash flows from time to time or that we will be able to finance our working capital in the future. In the event that we fail to maintain sufficient level of working capital, our business operations and financial performance may be materially and adversely affected.

We may not be successful in maintaining our growth or implementing our market expansion plan

Our business plans set forth in the paragraph headed “Business strategies” under the section headed “Business” in this prospectus are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans. As such, there can be no assurance that our business plans will be implemented successfully as scheduled (in terms of, for instance, time and cost) or at all. If we fail to effectively and efficiently implement our business plans, we may not be successful in achieving desirable and profitable results. Even if we effectively and efficiently implement our business plans, there may be other unexpected events or factors that prevent us from achieving the desirable and profitable results from the implementation of our business plans. Our financial condition, operating results and growth prospects may be materially and adversely affected if our future business plans fail to achieve positive results.

We rely on independent logistic companies and delivery agents

We do not have our own transportation team. We rely on independent logistics service providers, whether arranged by us or by our suppliers, for the delivery of our products to locations designated by our customers. Should the logistics service providers fail to comply with the terms of our contracts with them or any regulatory requirements, they may fail to transport or deliver our products to our customers in a timely manner or at all. Upon any failure by any of our existing logistics service providers to discharge their delivery obligations, we may not be able to find other suitable companies or agents as replacements on a timely basis, and our business, financial performance and operations may therefore be adversely and materially affected.

Our insurance coverage may not be sufficient to cover the risks relating to our operations and potential losses

No assurance can be given that our insurance coverage will be able to cover all types of, or be sufficient to cover the full extent of any loss, theft of or damage to property or injury to person for which we may be held liable. Power failures or disruptions, the breakdown, failure or substandard performance of equipment, the destruction of buildings and other facilities due to fire or natural disasters such as hurricanes, severe winter storms, flood, droughts or earthquakes will affect our ability to continue our operations and may cause significant property damage and personal injuries. Our existing insurance policies may not be sufficient to compensate us for any losses arising from damage to our buildings, equipment and infrastructure. In addition, there are certain types of losses, such as those resulting from war, acts of terrorism, earthquakes, typhoons, flooding and other natural disasters, for which we cannot obtain insurance at a reasonable cost or at all. Any events and any losses or liabilities that are not covered by our current insurance policies may have a material adverse impact on our business, financial condition, results of operations and prospects.

Product liability claims may be brought against us and may materially and adversely harm our business, financial conditions, and results of operations

We are exposed to risks associated with product liability claims. Further information on regulatory requirements of the apparel SCM industry is set forth under the section headed “Regulatory Overview” in this prospectus. We also cannot assure you that future changes of the rules and regulations in the PRC, the U.S. and our other major markets in relation to apparel products will not impose costly compliance requirements on us or otherwise subject us to future liabilities. We cannot assure you that product liability claims against us will not arise in the future, whether due to product quality, defects or other causes. We do not maintain product liability insurance, which we confirm is consistent with general industry practice.

As a result, any dispute regarding quality of our products may give rise to claims against us for losses and damages. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. If any such claims were ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

Our export sales may be affected by anti-dumping measures and duties imposed by the governments of our export destinations

During the Track Record Period, vast majority of our products were exported to overseas regions, including, the U.S., Europe, Australia, Canada, Japan and other locations (excluding Hong Kong). During the same period, among these overseas regions, our largest export destination was the U.S., which accounted for approximately 73.2%, 63.3% and 50.9% of our total revenue, respectively. We expect export sales to continue to contribute a significant portion of our revenue in the near future.

Our products are subject to the respective laws and regulations of the countries where they are exported to, including, among others, the anti-dumping laws of the U.S. For details, please refer to the paragraph headed "Relevant laws and regulations of the U.S. – IV. Anti-dumping laws" under the section headed "Regulatory overview" in this prospectus. To the best knowledge of our Directors have made all reasonable enquiries, none of our products were subject to any anti-dumping measures and duties in each of the countries where our products were exported to during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our products will not be subject to any anti-dumping measures or duties in the future. If this happens, our export sales and cost of sales may be adversely affected and hence our financial condition, results of operations and prospects may be adversely affected.

We are dependent on key personnel and there is no assurance that we can retain them

We believe that the success of our Group, to a large extent, is attributable to, among other things, the contribution of each of our executive Directors, namely, Mr. Leung and Ms. Tam and our senior management members. 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 SCM industry in Hong Kong and their expertise are crucial to our operations and financial performance.

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

If we fail to properly protect the product designs and intellectual property rights of our customers, our reputation, business operations and results of operations may be adversely affected

The specification provided by our customers may contain confidential information regarding proprietary product designs of our customers. We have policies and procedures to protect the intellectual properties of our Group and our customers. Our suppliers are required not to retain any unused raw materials, surplus stock (including products in progress) and samples without our permission and not to manufacture any goods that will infringe the intellectual property rights of our customers. Our employees are required to properly store and handle confidential information related to product designs of our customers and not to reproduce or publicise such information.

Nevertheless, there is no assurance that our internal control procedures in relation to the protection of the product designs and the intellectual property rights of our customers will not fail. If we fail to properly protect the product designs and intellectual property rights of our customers, our reputation, business operations and results of operations may be adversely and materially affected.

RISKS RELATED TO THE INDUSTRY

We operate in a highly competitive environment and we may not be able to sustain our current market position

Due to the evolving markets in which we compete, additional competitors with significant market presence and financial resources may enter those markets, and thereby intensify the competition. These competitors may be able to reduce our market share by adopting more aggressive pricing policies or by developing technology and services that gain wider market acceptance than our products. Existing and potential competitors may also develop relationships with our customers in a manner that could significantly harm our ability to sell and market our products to them.

The market for our apparel products is competitive. We face competition in the market for apparel products from other SCM service providers. Our ability to compete successfully in the apparel products industry depends on various factors, including our ability to anticipate market trends, effective cost control, consistency in product quality, timely delivery of products to meet customers' schedules, customer services and technical expertise, and factors that are outside of our control, such as industry and general economic conditions. We cannot assure you that we will remain competitive or that our strategies will continue to be successful in the future.

Intensified competition may result in loss of our market share, which may have a material adverse effect on our business, prospects, financial condition and results of operations. If our key overseas customers start to rely or increase their reliance on other SCM service providers to meet their requirements, we may not be able to increase our market share or find a market for our apparel products, and our business, prospects, financial condition and results of operations may be adversely affected.

Our 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. 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 our Group's sales. If we fail to adapt to new seasonality trends or consumer spending behaviour, the revenue and business conditions may be adversely affected.

The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and operations

The global capital and credit markets have been experiencing volatility and disruption in the recent years. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit and the financial viability of the European banking and financial system have contributed to unprecedented levels of market volatility. These factors, combined with declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged global recession. As a result, consumer demand for our apparel products may significantly decrease, thereby materially and adversely affecting our business, financial condition and results of operations. If the economic downturn continues, our business operation and financial position may be adversely affected.

Epidemics, acts of war and other disasters may adversely affect our operations

Our business is subject to general economic and social conditions in the end markets of our customers. Natural disasters, epidemics and other acts of God which are beyond human control may adversely affect the economy, infrastructure and livelihood of the people of the end markets of our customers. Many major cities in our major markets may be under threat of flood, earthquake, typhoon, sandstorm or drought. Our business, results of operations and financial condition may be adversely affected if such natural disasters occur. Even if we are not directly affected by the epidemic, it could slow down or disrupt the level of economic activity generally, which could in turn adversely affect our operating results. In addition, acts of war and terrorist attacks may cause damage or disruption to our operations, employees, markets or clients, any of which could adversely impact our turnover, cost of sales, overall results and financial condition or the market price of the Shares. Potential war or terrorist attacks may also cause uncertainty and cause the business to suffer in ways that we cannot currently predict.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

The state of political environment in Hong Kong

Hong Kong is a special administrative region of the PRC. It enjoys a high degree of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, we are not in any position to guarantee the "one country, two systems" principle and the level of autonomy would be maintained as currently in place.

Social unrest or civil movements such as occupation activities may affect the state of economy in Hong Kong and in such case, our Group's operations and financial position may also be adversely affected. Since our operations are located in Hong Kong, any change of Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial positions. In 2014, thousands of residents of Hong Kong took part in civil disobedience protests. Activists protested outside key government buildings and occupied several major intersections, causing major disruption to traffic and trade in the affected areas. Any political and social instability in Hong Kong, if significant and prolonged, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Company is a holding company and our ability to pay dividends is primarily dependent upon the earnings of, and distributions by, our subsidiaries in Hong Kong

Our Company is a holding company incorporated under the laws of the Cayman Islands with limited liability. Majestic City International declared and paid dividends of HK$11.0 million during the year ended 31 March 2017 to Mr. Leung and Ms. Tam. The majority of our business operations are conducted through our subsidiaries in Hong Kong and hence, our turnover and profit are substantially contributed by our subsidiaries in Hong Kong.

Our ability to pay dividends to our Shareholders is primarily dependent upon the earnings of our subsidiaries in Hong Kong and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries in Hong Kong to make distributions to us depends upon, amongst others, their distributable earnings. Other factors such as cash flow conditions, restrictions on distributions contained in our Hong Kong subsidiaries' articles of associations, restrictions contained in any debt instruments and other arrangements will also affect the ability of our subsidiaries in Hong Kong to make distributions to us. These restrictions could reduce the amount of distributions that we receive from our subsidiaries in Hong Kong, which in turn would restrict our ability to pay dividends on the Shares. The amounts of distributions that any of the subsidiaries of our Group has declared and made in the past are not indicative of the dividends that we may pay in the future. There is no assurance that we will be able to declare or distribute any dividend in the future.

RISK RELATING TO THE SHARE OFFER AND THE SHARES

Sale or perceived sale of substantial amounts of the Shares in the public market after the Share Offer could adversely affect the prevailing market price of the Shares

The Shares beneficially owned by the Controlling Shareholders are subject to certain lock-up periods under the GEM Listing Rules and further undertakings in favour of us. There is no assurance that the Controlling Shareholders, whose interests may be different from those of other Shareholders, will not dispose of their Shares following the expiration of the lock-up periods. Sale of substantial amounts of the Shares in the public market, or the perception that such sale may occur, could adversely affect the prevailing market price of the Shares. Our Controlling Shareholders may take actions with which you may not agree or which are not in our or our public Shareholders' best interests.

Upon completion of the Share Offer and the Capitalisation Issue, the Controlling Shareholders will own 70.0% of the Shares in issue. The Controlling Shareholders will therefore have significant influence over the operations and business strategy of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of the Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of the Controlling Shareholders conflict with the interests of other Shareholders, or if any of the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Company or those other Shareholders may be adversely affected as a result.

There may be limited liquidity in our Shares and volatility in the price of our Shares on GEM and could result in substantial loss for investors purchasing our Shares in the Share Offer

Our Shares have not been traded in an open market before completion of the Share Offer. The Offer Price may not serve as an indicator of the price of our Shares traded on GEM in the future. The Offer Price is the result of negotiations between our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and may be different from the market prices for our Shares after the Listing. There is no assurance that an active and liquid public trading market of our Shares will develop upon the Listing or if it does develop, that it may be sustained for any period of time after the Listing. The market price and trading volume of our Shares may fluctuate significantly and rapidly as a result of the following factors, among other things, some of which are beyond our control:

- variation in our results of operation;
- technology advancements;
- changes in securities analysts' analysis of our financial performance;
- our announcement of significant acquisitions, dispositions, strategic alliances or joint ventures;
- addition or departure of our key personnel;
- fluctuations in market prices and trading volume of our Shares;
- our involvement in litigation;
- development of GEM; and
- general economic and stock market conditions in Hong Kong.

All such factors may result in significant fluctuations in the market price and/or transaction volume of our Shares. There is no assurance that such changes will not occur.

We may require additional funding for future growth

We may be presented with opportunities to expand our business through acquisitions in the future. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

Certain statistics and facts in this prospectus are derived from various official government sources and publications or other sources and have not been independently verified

This prospectus includes certain statistics and facts that are extracted from official government sources and publications or other sources. We believe that such statistics and facts are prepared by the relevant sources after having taken reasonable care. Whilst our Company believes that it is prudent for us to rely on such statistics and facts, there is no assurance that such statistics and facts are free from error or mistake. The statistics and facts from these sources have not been independently verified by our Company, the Selling Shareholder, our Directors, the Sole Sponsor, the Joint Bookrunners, the Underwriters, or any of their respective directors, affiliates or advisers or any other party involved in the Share Offer and no representation is given as to their accuracy and completeness. Due to possible flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such statistics or facts.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "expect", "estimate", "going forward", "intend", "may", "plan", "seek", "should", "will", "would" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-Looking Statements" in this prospectus for further details.

We strongly caution you not to place any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding us, our industry or the Share Offer

There may be press articles, media coverage and/or research analyst reports regarding us, our industry or the Share Offer, which may include certain financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press, media or research analyst reports. We do not accept any responsibility for any such press articles, media coverage or research analyst reports or the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Securities and Futures (Stock Marketing Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 in this prospectus misleading and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Copies of this prospectus are available, for information purposes only, at the respective offices of the Joint Bookrunners and the Public Offer Underwriters during normal office hours from 9:00 a.m. to 5:00 p.m. from Thursday, 29 March 2018 to Friday, 6 April 2018 (both days inclusive).

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms, on the terms and subject to the conditions set out herein. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Underwriters and any of their respective directors, officers, employees, agents, affiliates or representatives or any other persons or parties involved in the Share Offer.

THE SELLING SHAREHOLDER

The Selling Shareholder will offer 20,000,000 Sale Shares for sale under the Share Offer. For details of the Sale Shares by the Selling Shareholder, please refer to the section headed "Statutory and General Information – Other Information – 14. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer which is sponsored by the Sole Sponsor. The Offer Shares will be fully underwritten by the Underwriters pursuant to the Underwriting Agreements subject to the Offer Price being fixed by agreement between our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (acting for themselves and on behalf of the Underwriters) on the Price Determination Date, or such later date as may be agreed by our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters). For further information about the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SUBSCRIPTION OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to, or be deemed by his, her or its acquisition of the Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit the offering of the Offer Shares or the general distribution of this prospectus and the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than Hong Kong or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction.

It is expected that, pursuant to the Share Offer, the Underwriters will conditionally offer the Offer Shares on behalf of our Company with investors.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus.

PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed "How to apply for Public Offer Shares" in this prospectus and on the Application Forms.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

No part of the share or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission to deal in, the Offer Shares on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division of the Stock Exchange, then any allotment made on application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25.0% of the issued share capital of our Company in the hands of the public.

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in Shares on GEM are expected to commence at 9:00 a.m. on or about Monday, 16 April 2018. Shares will be traded in board lots of 4,000 Shares each. The stock code for the Shares is 8507. Our Company will not issue any temporary documents of title. Dealings in the Shares on GEM will be effected by participants of GEM whose bid and offer quotations will be available on the GEM's teletext page information system. Delivery and payment for Shares dealt on GEM will be effected on the second business day following the transaction date. Only certificates for Shares registered on the branch share register of our Company will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealings and settlement arrangement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Shares as mentioned in this prospectus on GEM and our Company's complying with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Offer Shares, they should consult professional advisers. It is emphasised that none of our Company, the Selling Shareholder, our Directors, the Sole Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors, agents or advisers or any other person or party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited, and the branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

LANGUAGE

If there is any inconsistency between the English version and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in United States dollar have been translated, for illustration purposes only, into Hong Kong dollar in this prospectus at the following rates:

- US$1.00 = HK$7.765.

No representation is made that any amount in United States dollar or Hong Kong dollar can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Leung Kwok Hung Wilson (梁國雄)	House 45, Sunderland Estate, No. 1 Hereford Road, Kowloon Tong, Hong Kong	Chinese
Tam Shuk Fan (譚淑芬)	House 45, Sunderland Estate, No. 1 Hereford Road, Kowloon Tong, Hong Kong	Chinese
Independent non-executive Directors		
Cheung Wai Man (張慧敏)	Flat H, 16/F, Block 2, Highland Park, No. 11 Lai Kong Street, Kwai Chung, Hong Kong	Chinese
Lee Yin Mei (李燕薇)	12 Glen Abbey, Dove Canyon, California 92679, United States	United States of America
Lau Yau Chuen Louis (劉友專)	Flat B, 13/F, Block 12, Dawning Views, 23 Yat Ming Road, Fanling, New Territories, Hong Kong	Chinese

Please refer to the section headed "Directors and senior management" of this prospectus for further information on the profile and background of our Directors.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Messis Capital Limited
A corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Room 1606, 16/F
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

Joint Bookrunners and Joint Lead Managers

Astrum Capital Management Limited
A corporation licensed by the SFC to carry on type 1, (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Room 2704, Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

Quasar Securities Co., Limited
A corporation licensed by the SFC to carry on type 1 (dealing in securities) regulated activities under the SFO
Unit A, 12/F,
Harbour Commercial Building
122-124 Connaught Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong laws
Patrick Mak & Tse
Rooms 901-905
9/F, Wing On Centre
111 Connaught Road Central
Hong Kong

As to Cayman Islands laws
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

As to PRC laws
Yingke Law Firm
3/F, Office Tower B
Rongchao Business Center
No.6003, Yitian Road
Futian District
Shenzhen, PRC

As to U.S. laws
Nixon Peabody LLP
18/F, One Embarcadero Center
San Francisco, CA 94111
United States

As to French laws
Fieldfisher France LLP
48, rue Cambon
75001 Paris
France

Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong laws* **Vivien Teu & Co LLP** **in association with Llinks Law Offices** 27/F, Henley Building 5 Queen's Road Central Central, Hong Kong
Auditors and Reporting Accountants	**HLB Hodgson Impey Cheng Limited** *Certified Public Accountants* 31/F, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
Compliance Adviser	**Messis Capital Limited** *A corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO* Room 1606, 16/F Tower 2, Admiralty Centre 18 Harcourt Road Hong Kong
Property valuer	**Ascent Partners Valuation Service Limited** Suite 2102, 21/F Hong Kong Trade Centre 161-167 Des Voeux Road Central, Hong Kong
Industry Consultant	**Frost & Sullivan Limited** 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road, Hong Kong

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Hong Kong	Unit 212-215, 2/F Elite Industrial Centre 883 Cheung Sha Wan Road Lai Chi Kok Kowloon, Hong Kong
Company website	www.icenturyholding.com *(information contained in this website does not form part of this prospectus)*
Company secretary	Kwok Chi Yin (*CPAA, HKICPA*) Flat 2611 Shan Shui House Shui Pin Wai Estate Yuen Long Hong Kong
Compliance officer	Leung Kwok Hung Wilson
Authorised representatives (for the purpose of the GEM Listing Rules)	Tam Shuk Fan House 45, Sunderland Estate No. 1 Hereford Road, Kowloon Tong, Hong Kong Kwok Chi Yin Flat 2611 Shan Shui House Shui Pin Wai Estate Yuen Long Hong Kong
Audit committee	Lau Yau Chuen Louis *(Chairman)* Cheung Wai Man Lee Yin Mei
Remuneration committee	Lee Yin Mei *(Chairman)* Cheung Wai Man Lau Yau Chuen Louis
Nomination committee	Leung Kwok Hung Wilson *(Chairman)* Cheung Wai Man Lau Yau Chuen Louis Lee Yin Mei

CORPORATE INFORMATION

Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	**Bank of China (Hong Kong) Limited** 1 Garden Road, Hong Kong

This section contains information which is derived from official government publications and industry sources as well as a commissioned report from Frost & Sullivan. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading. The information has not been independently verified by us, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of their affiliates or advisers, nor any other party involved in the Share Offer and no representation is given as to its accuracy. Our Directors believe after taking reasonable care, that there have been no material adverse changes in the market information since the date of issue of the Frost & Sullivan Report which maybe qualify, contradict or have an impact on the information in this section.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on, the apparel SCM market in Hong Kong for the period from 2012 to 2021. We paid Frost & Sullivan a fee of HK$550,000, which we believe reflects market rates for reports of this type. Founded in 1961, Frost & Sullivan has 45 offices with more than 1,800 growth consultants, analysts, and visionaries globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy. Frost & Sullivan has been covering the Chinese market since the 1990s. Frost & Sullivan has four offices in the PRC and direct access to the knowledgeable experts and market participants in the SCM market and its industry consultants, on average, have more than three years of experience.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe this information facilitates an understanding of the apparel SCM industry in Hong Kong for the prospective investors. The Frost & Sullivan Report which was prepared in September 2017, includes information on the apparel SCM industry in Hong Kong as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the apparel SCM industry in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the apparel SCM market in Hong Kong. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: Hong Kong's economy is likely to maintain stable growth in the next decade and the country's social, economic and political environment is likely to remain stable in the forecast period. Additionally, the apparel SCM market in Hong Kong is expected to grow based on the macroeconomic assumptions of the economy. Additional key industry drivers include: rising disposable income, increasing expenditure on apparel, and surging penetration rate on online distribution channel.

INTRODUCTION OF SCM SERVICES

Apparel SCM services involve the services of product development, sourcing of apparel suppliers or manufacturers, production management and quality assurance, logistics management, and final delivery to apparel retailers.

Generally, the value chain of apparel SCM market consists of three major sectors. In the value chain for apparel SCM market in Hong Kong, apparel SCM services providers in Hong Kong play an important role in connecting the upstream apparel manufactures including ODMs or OEMs and downstream apparel retailers. The chart below illustrates the value chain of the apparel industry:

The upstream of the value chain of the apparel SCM industry mainly consists of apparel manufacturers, such as ODMs or OEMs.	The midstream consists of apparel SCM services providers whose service scope depends on the comprehensive strength of them. Some are pure sourcing or/and trading agents, and some are sourcing or/and trading agents with other service categories involved in SCM services.	The downstream covers apparel retailers, including traditional retailers who sell their products through the physical outlets and online retailers who sell their products through online sales platforms. Some retailers use both channels.

Source: Frost & Sullivan

APPAREL SCM MARKET IN HONG KONG

According to Frost & Sullivan, the total revenue generated from apparel SCM market in Hong Kong experienced a period of fluctuation from 2012 to 2016, but on the whole increased from HK$108.1 billion in 2012 to HK$112.8 billion in 2016, representing a CAGR of approximately 1.1%. The fluctuation was mainly caused by the sluggish demand from the major apparel export and re-export destinations of Hong Kong, including the U.S., Japan and the United Kingdom.

Over the forecast period, Hong Kong apparel SCM industry is likely to exploit new opportunities in the emerging markets in Southeast Asian countries because of lower labour cost. In line with the recovering global economy, the market size of the apparel SCM market in terms of revenue in Hong Kong is projected to reach HK$137.1 billion in 2021, representing a CAGR of 4.0% over the period from 2017 to 2021.

Key drivers for the SCM market in Hong Kong

- ***Recovery of the global economy***

The overall global economy is recovering gradually with a growing GDP from 2015 to 2016. According to the data from International Monetary Fund, global GDP is projected to increase at a CAGR of 5.5% over the period from 2017 to 2021. The global GDP recovery plays a significant role in improving overall disposable income and living standards, which further leads to the stronger willingness and purchasing power from consumers. Furthermore, developed economies prefer apparel manufacturers from the PRC, Southeast Asia and South Asia, which is to stimulate the global apparel market while at the same time create corresponding business opportunities for the apparel SCM market in Hong Kong for being an international trade hub.

- ***Industrial upgrading and transformation***

Conventional apparel SCM players start to realise the importance of the expansion in service portfolio so as to be more competitive in the apparel SCM market, which requires for the improvement in product development, expectation in high apparel quality and increasingly diversified styles. It is common for SCM players to set up quality control establishments locally near suppliers to maintain high quality control. The engagement of professional experts, the studies of customer preferences as well as the investment in innovation and technology are to facilitate the upgrading of the market, which further drives the sustainable development of the apparel SCM market.

- ***Optimisation of supply chain***

Apparel SCM services providers are able to get access to an expanding customer base across the world benefiting from the tide of globalisation. Meanwhile, the intimate collaboration along the industrial value chain is strengthened where service providers establish close relationships with both suppliers and customers. It is a common practice for SCM players to set up representative offices in target markets to better communicate with the demand side. Meanwhile, apparel SCM services providers could display their new product samples in the representative offices so that brand retailers could have a better understanding of their capability of product development via visual experience, which brings profitable advantages to these apparel SCM services providers. Thus, apparel SCM services providers' pursuit for more cost-effective solutions such as shorter delivery time to optimise the supply chain will be another driving force to the growth of apparel SCM market in Hong Kong.

Set out below are examples of the apparel SCM services providers that have set up representative offices in their target markets.

Company Name	Establishment year	Headquarter	Business portfolio	Company type	Target market(s)	Location of representative office(s)
Competitor B	1983	Hong Kong	Manufacturing casual and fashion apparels, sweaters and accessories; Providing apparel SCM services	Listed *(Note 1)*	U.S.	U.S. and PRC
Competitor C	2003	Hong Kong	Providing diverse and comprehensive apparel SCM solutions	Listed *(Note 1)*	PRC	PRC
Competitor D	2010	Hong Kong	Providing apparel designing and sourcing services for branded fashion retailers	Listed *(Note 1)*	United Kingdom	Hong Kong and United Kingdom
Competitor E	1999	Hong Kong	Providing apparel SCM services	Listed *(Note 1)*	Japan and Hong Kong	Japan, Hong Kong and PRC
Competitor F	1991	Hong Kong	Providing apparel SCM services for woven wear	Listed *(Note 1)*	U.S.	U.S.

Notes:

1. The shares of this company are listed on the Stock Exchange.

Source: Frost & Sullivan

Outlook of the apparel SCM market in Hong Kong

- ***Extensive integrations and collaborations***

Due to uncertainties and challenges in the textile sourcing, manufacturing and trading which were mainly caused by political and economic factors, apparel companies across the world are expected to have more extensive integrations and collaborations to increase their stability and sustainability in SCM. Through integration and collaboration, different companies in different parts of the supply chain can work together to find solutions and achieve results faster and more effectively, instead of dealing with problems individually. Thus, the apparel supply chain is expected to see more integrations and collaborations both vertically and horizontally in the near future.

- ***Data and information technology***

Modern data and information technology allows supply chain partners to exchange data and information in real time. Information is the key to creating a coordinated supply chain; the existing models of the apparel supply chain are based upon the visibility of information while future models will be based on multi-participant information sharing platforms, where key stakeholders, suppliers, manufactures, buyers, and logistics service providers are able to search, communicate and set up networks with each other more effectively and easily.

COMPETITIVE LANDSCAPE OF APPAREL SCM MARKET IN HONG KONG

The apparel SCM market in Hong Kong was fragmented with approximately 10,000 players for the year ended 31 March 2017, leading to fierce competition among services providers in terms of product development, price, quality control and delivery of products. Moreover, the changing demands from the consumption market drive various retail brands to require for higher quality, shorter lead time and competitive prices in the apparel SCM market, which tends to further exert pressure on the market players. Leading players in the apparel SCM market of Hong Kong are featured with the provision of integrated SCM solutions where SCM services along with comprehensive value-added services such as the procurement of raw materials, product development and consulting of products are involved. Benefiting from the extensive experience in the market, leading players have established long-term cooperative relationships with raw materials suppliers from the upstream, which guarantees the companies sufficient supply for mass production. The lower sourcing cost and the high large-volume production capacity further lead to more guaranteed lead time and competitive price of the players. The following table sets forth the top three apparel SCM players in Hong Kong for the year ended 31 March 2017 in terms of total revenue in SCM market:

Rank	Company name	Establishment year	Headquarter	Business portfolio	Company type	Total revenue from SCM market in Hong Kong for the year ended 31 March 2017	Estimated market share
						(HK$ billion)	*(%)*
1	Competitor A	1906	Hong Kong	Providing end-to-end supply chain solutions from product design and development, raw material sourcing, factory selection, production management and quality control, to in-country logistics, global freight management and e-logistics	Listed *(Note)*	7.1	6.3
2	Competitor B	1983	Hong Kong	Manufacturing casual and fashion apparels, sweaters and accessories; Providing apparel SCM services	Listed *(Note)*	4.5	4.0
3	Competitor C	2003	Hong Kong	Providing diverse and comprehensive apparel SCM solutions	Listed *(Note)*	1.1	1.0
			Top three total			**12.7**	**11.3**
			Other market players (excluding our group)			**100.0**	**88.6**
	Our Group	2008	Hong Kong	Providing one-stop apparel SCM solution ranging from product development, sourcing, production to logistics	Private company	0.1	0.1
			Market revenue for the year ended 31 March 2017			**112.8**	**100.0**

Note: The shares of this company are listed on the Stock Exchange.

Source: Frost & Sullivan

Key entry barriers to the SCM market in Hong Kong

- ***Changing demands from clients***

The requirements from apparel retailers shift accordingly with the changing demands from the end consumers. Thus, a quick response is needed in such an up-to-date market for apparel SCM services providers to maintain the solid position. The basic foundation lies in the stability of manufacturing capacity and operation, which must be overcome by new players in the market.

- ***Intense competition***

The apparel SCM market is quite competitive and the small-to-medium sized services providers are consistently faced with the pressure from the leading ones in this market considering that these providers have already established long-term and close cooperative relationships with local and international retailer brands. It is quite hard for new entrants to obtain a market share within a short period.

- ***Effective management team***

An effective management team ensures the smooth communication between the company and its manufacturer suppliers, trading company suppliers or customers. Changes or new information requested by the clients must be clearly communicated to the manufacturers to guarantee the delivery time and production. Furthermore, the management team should be equipped with an in-depth understanding of each key part of the market so as to effectively coordinate the entire business flow for the company.

- ***Technical support***

Technologies such as the cloud-based data centre and SCM systems are transforming the apparel supply chain by challenging the old operating models and creating new opportunities. The whole business flow of SCM services market has been radically transformed by technology. However, given the interconnected nature of the supply chain, companies must ensure various phases of the supply chain work in synergy in order to maximize the benefits that are brought by the technology. It is difficult for new entrants without any experience to achieve such capabilities.

Opportunities

- ***Cooperation with online retailers***

As e-commerce develops rapidly during recent years, the number of online retailers is also growing. Unlike traditional retailers, online retailers request smaller quantities in a single order and prefer to collaborate with apparel manufacturers who can provide comprehensive services and solutions. Thus, it is a great opportunity to establish cooperative relationship with online retailers to gain profits by expanding the existing sales distributors.

- ***Adoption of new techniques***

In order to keep up with the latest fashion trend and to satisfy the customers' needs, new techniques such as internet-based computer aided design for apparel design and 3D display system have been adopted to help provide better visual effects. Apparel SCM services providers are to equip themselves with such new techniques as to increase the value of supporting services and thus are likely to further enhance the business relationships with customers.

Challenges

- ***Rising labour cost and labour shortage***

As some Southeast Asian countries started to develop manufacturing industry vigorously, the global manufacturing centre has been gradually shifted to Southeast Asia from the PRC due to the lower cost there. Most apparel SCM services providers prefer to set up manufacturing sites in the PRC or source apparels from the manufacturers in the PRC. However, according to the data from National Bureau of Statistics of the PRC, annual salary of employees from urban manufacturing industry grew from RMB41,650.0 in 2012 to

RMB59,749.9 in 2016, representing a CAGR of 9.4% over the past five years. Thus, the increasing labour cost in the PRC likely adds the total cost of apparel SCM services providers. Moreover, the employment of the apparel manufacturing industry in the PRC is now confronted with the structural contradiction that manufacturers find it difficult to hire experienced labour with proficient techniques in a short period while jobs without attractive benefits are not appealing to people, which then gives rise to the labour shortage issue of the apparel manufacturing industry in the PRC.

- ***Low market pricing of finished apparel products in South and Southeast Asia***

The annual salary of employees of the apparel manufacturing industry in South and Southeast Asia is comparatively lower as the result of the low labour cost in those regions, which thus, further leads to the correspondingly lower operation cost for apparel manufacturers. Such background enables apparel manufacturers in South and Southeast Asian countries to set competitive market prices of finished apparel products, which would pose a threat to the apparel manufacturers in the PRC who are now confronted with increasing price of finished apparel products that is caused by the rising labour cost. For example, under the same circumstances, in order to enter and have a place in the market of South and Southeast Asia, finished woven shirts manufactured in the PRC have to be priced lower than those manufactured locally to compete with the local players.

- ***Focus on product development***

Nowadays, as the competition among retail brands is getting more intense, product development design has become one of the key success factors. Well-designed apparels help to increase sales volume by encouraging consumption willingness. Thus, brand retailers prefer to partner with market players equipped with product development capabilities. Players lacking such capability will face shrinkage of profit margin or are likely to be eliminated by the market.

- ***Strict environmental compliance***

With the target to guarantee the sustainable development of the apparel manufacturing industry in the PRC, the government has issued a series of opinions with regard to the environmental protection of the textile and apparel manufacturing industries in the 13th Five-Year Plan in 2016. In order to comply with the strict environmental compliances, apparel manufacturing companies have to take effective measures to weaken the negative impacts created in the production process, which, therefore leads to the higher operation cost for apparel manufacturers. Meanwhile, those small-sized manufacturers who cannot afford the increasing operation cost or fail to conform to related compliances may be forced to quit the market or are likely to collaborate with each other to form economic scale, further resulting in the market integration, which may be another challenge for the apparel manufacturing market in the PRC.

APPAREL MANUFACTURING MARKET IN THE PRC

Industrial output of apparel manufacturing market in the PRC

The apparel manufacturing industry in the PRC witnessed a steady growth in terms of the industrial output from enterprises above designated size over the past period from 2012 to 2016. The output value increased from RMB1,720.0 billion in 2012 to RMB2,360.5 billion in 2016 at a CAGR of approximately 8.2%.

As the manufacturing centre is gradually shifting to the South and Southeast Asian countries, the apparel manufacturing industry in the PRC is estimated to grow at a lower CAGR of approximately 5.2% from 2017 to 2021. At the same time, the apparel manufacturing industry is to embrace industrial upgrading in the near future as more manufacturers tend to emphasize more on the apparel product development to provide more customised services and products to the customers.

Top ten exporting destinations of apparel products from the PRC

In 2016, the top ten exporting destinations of apparel products from the PRC in terms of trade value were the U.S., Japan, the UK, Hong Kong, Germany, South Korea, United Arab Emirates, Russia, France, and Spain.

Over the period from 2012 to 2016, the total export value of apparel products from the PRC slightly decreased from US$148.3 billion in 2012 to US$146.3 billion in 2016, representing a CAGR of -0.3%. The depreciated yen and Euro in the past two years had a direct negative impact on apparel products exports from the PRC, as Japan and Europe have been the PRC's main apparel products export markets.

Export value of apparel products, the PRC, 2012-2016

Trade Value (Billion US$)	2012	2013	2014	2015	2016	CAGR (2012-2016)
The U.S.	26.2	28.2	30.5	32.7	30.4	3.8%
Japan	21.4	21.3	18.9	16.5	15.4	-7.9%
The UK	6.2	7.4	9.4	10.0	9.5	11.3%
Hong Kong	8.0	10.2	8.4	6.7	8.2	0.6%
Germany	7.5	7.8	8.4	7.0	5.9	-5.8%
South Korea	3.1	3.8	4.8	5.6	4.6	10.4%
United Arab Emirates	4.1	4.6	5.0	5.7	4.0	-0.6%
Russia	4.3	6.6	6.8	4.8	3.8	-3.0%
France	4.0	4.5	5.1	4.2	3.7	-1.9%
Spain	3.4	3.6	3.9	3.6	3.5	0.7%
Others	60.1	67.2	72.4	65.4	57.3	-1.2%
Total	**148.3**	**165.2**	**173.6**	**162.2**	**146.3**	**-0.3%**

Source: UN Comtrade, Frost & Sullivan

Average export price of apparel products

The average export price of apparel products from the PRC experienced a slight fluctuation from US$ 6.4 per unit in 2012 to US$6.2 per unit in 2016, representing a CAGR of approximately -0.8%. With the industrial upgrading and transformation in the PRC and the recovering global demand for apparel products, the average export price of apparel products from the PRC increased from 2012 to 2015, reaching US$6.8 per unit in 2015. In 2016, the average export price of apparel products from the PRC dropped to US$6.2 per unit which was primarily due to the appreciation of RMB and unstable demand from main exporting destinations including the U.S., Japan and the EU.

Cost factor analysis

Many SCM services providers in Hong Kong are apt to sourcing the suppliers of apparel products or setting up their own apparel manufacturing sites in the PRC for apparel production. In view of the fact that a significant proportion of cost for apparel SCM services providers is generated from sourcing or manufacturing appropriate apparel products, thus, the cost on the raw materials and labour force for apparel manufacturing in the PRC exerts great influence on the overall cost for apparel SCM services providers in Hong Kong.

Raw material

Cotton, polyester, wool, nylon and rayon are the five major raw materials used in apparel manufacturing industry in the PRC. The unit price of cotton registered negative growth rate over the period from 2012 to 2016. It declined from RMB18,910.6 per tonne in 2012 to RMB13,727.7 per tonne in 2016, which was mainly due to the oversupply. Unit price of polyester demonstrated a huge drop from

RMB10,932.7 per tonne in 2012 to RMB6,892.5 per tonne in 2016 at a CAGR of -10.9% influenced by the weak demand from the downstream, which was the same case with that of nylon, the unit price of which decreased from RMB25,466.5 per tonne in 2012 to RMB14,945.1 per tonne in 2016 at a CAGR of -12.5%. The unit prices of wool and rayon performed comparatively more stable throughout 2012 to 2016.

Unit price of five major raw materials of apparel manufacturing, the PRC, 2012-2016

	2012	2013	2014	2015	2016	CAGR 2012-2016
Cotton (RMB/tonne)	18,910.6	19,360.1	17,118.3	13,235.8	13,727.7	-7.7%
Polyester (RMB/tonne)	10,932.7	10,348.4	9,112.1	7,078.2	6,892.5	-10.9%
Wool (RMB/tonne)	87,911.8	76,747.5	69,348.8	66,837.6	73,680.7	-4.3%
Nylon (RMB/tonne)	25,466.5	23,287.4	21,083.0	16,788.6	14,945.1	-12.5%
Rayon (RMB/tonne)	44,041.5	36,380.4	34,618.9	36,433.0	37,419.5	-4.0%

Source: China Textile Economic Information Network, Frost & Sullivan

Labour cost

As supported by the stimulus policies from the government, overall manufacturing industry in the PRC is experiencing the upgrading and restructuring process via the provision of more value-added services and the application of techniques to improve the industrial added value. Under such background, the apparel manufacturing industry in the PRC is anticipated to embrace industrial transformation in the near future, resulting in the uptrend in the salary of employees in the manufacturing sector, which includes the apparel manufacturing segment. Annual salary of employees from urban manufacturing industry in the PRC embraced stable growth from RMB41,650.0 in 2012 to RMB59,749.9 in 2016, representing a CAGR of approximately 9.4%, which was in line with the stable economic development in the PRC over the past years.

OVERVIEW OF APPAREL RETAIL MARKET IN THE U.S. AND FRANCE

Market size of apparel retail market in the U.S.

Over the period from 2012 to 2016, the apparel retail market size of the U.S. increased from US$238.8 billion in 2012 to US$257.1 billion in 2016, growing at a CAGR of approximately 1.9%.

In the period from 2016 to 2021, the market size of apparel retailing in terms of revenue in the U.S. is expected to maintain the relatively stable growth, driven by the enormous potential demand for apparels and accessories. It is estimated that the market in the U.S. would continue growing at a CAGR of approximately 0.7% over the period from 2017 to 2021, reaching US$266.5 billion in 2021.

Outlook of the apparel retail market in the U.S.

Driven by the developing digitalization technologies, the apparel retail market in the U.S. is anticipated to embrace further growth in the future, in spite of concerns of unstable international trading environment and rising sourcing cost. Apparel retailers in the U.S. have been looking inward and implementing changes to their core operations - from shortening the length of the fashion cycle to integrating sustainable digital innovations, including digitised inventory management using Internet of Things (IoT) technology and predictive analytics using Big Data. Those technologies have been seen as the solution to addressing sourcing and supply chain challenges in an effort to improve margins.

Opportunities

- ***Digitalization of the value chain***

Virtual designing, 3D technologies and digital showrooms are examples of technology spinoffs in the U.S. apparel industry. Especially, digital showrooms and presentations are increasingly being used to visualise various products without the need to produce samples. By using virtual showrooms, apparel retailers can browse collections without the need for physical samples, which creates great opportunities for international apparel SCM services providers.

- ***Omnichannel integration***

The U.S. apparel retailers focusing on a single channel may no longer be sufficient to satisfy the demanding customers today. As a result, the sales approach that provides the customers with an integrated shopping experience across a multitude of online and offline sales channels, known as omnichannel integration, has gained popularity among major market players. Customers nowadays are spending more time on social media than ever, it is a great opportunity for businesses to redefine their business models and deliver a more interactive and personalized brand experience to customers.

Challenges

- ***Political influence***

Economic and political uncertainty is the biggest challenge faced by the U.S. apparel industry. The new administration's stance on global trade may cause significant political and economic instability and pose substantial uncertainty on future exchange rates and trade policies. Since the U.S. apparel industry mainly relies on imports, such policies pose substantial threats to the apparel industry and consequently, to the apparel supply chain management industry.

- ***Request for diversified sourcing destinations***

Considering the overall cost as well as the increasingly diverse demands from the customers, apparel SCM services providers are supposed to have more sourcing destinations to satisfy the needs of the apparel retailers, which tends to pose a great challenge. The PRC has been the biggest apparel sourcing destination for the U.S. apparel retailers over the past decades. However, with the concern of rising labour cost in the PRC, these apparel retailers are seeking to expand their global reach. The changing demands from the apparel retailing side amplify challenges for their apparel SCM services providers. Those apparel SCM services providers who fail to provide their consumers diversified sourcing bases may be eliminated in the fierce competition.

Market size of apparel retail market in France

During the period from 2012 to 2016, the apparel retail market size in France increased from EUR33.4 billion in 2012 to EUR34.3 billion in 2016 in terms of revenue, growing at a CAGR of approximately 0.7%. It is estimated that the market of apparel retailing in France will grow at a CAGR of approximately 0.6% during the period from 2017 to 2021, reaching EUR35.3 billion by the end of 2021.

The increasing demand for apparels due to the rising income level of French people tends to keep inserting a positive impact on the further development of the market.

Outlook of the apparel retail market in France

As stores in France are exploring new ways to create unique offline shopping experience for customers, retailers will embrace the improvement in machine learning, deep analytics and artificial intelligence for greater personalised shopping experience. Meanwhile, customers are expected to have longer digital footprints, including shopping histories, social media profiles and interests, which gives retailers an easier pathway to offer a tailored selection of products.

Opportunities

- ***Accelerating development of e-commerce***

One of the major opportunities of the apparel retail industry in France is the increase in the number of people who like shopping for apparel products on the internet. Emerging technologies such as mobile applications are changing the way retailers do business. The technology such as virtual fitting rooms makes online shopping experience more comfortable and customised. In this way, the customers and retailers both benefit from the convenience brought by the internet. As a result, it will boost the development of apparel retail market.

- ***Technological enhancement***

Technological enhancement in the supply chain is essential for future success in apparel industry in France. Automation, robotics and digitization of supply chain are gaining popularity in the apparel industry in the pursuit of better efficiency and higher profit margin. Furthermore, the SCM service providers can also make use of technology in inventory management and predictive analytics to efficiently manage inventory and market demand.

Challenges

- ***Influence of Brexit***

A main source of uncertainty to the French apparel industry is the lingering issue of Brexit. Since the referendum, pound sterling has dropped and its uncertainty is expected to persist until Britain and the EU reach a final negotiation outcome. Uncertainty in pound sterling brings significant challenges to the French apparel industry. A weaker pound sterling makes French retail brands and online platforms less attractive compared with their British counterparts. Brexit also means renegotiation of its current trade agreements with the EU, which potentially poses threats to the supply chain of apparel industry considering that apparel industries in Europe exhibit high integration level.

- ***Speeding lifecycle of apparel industry***

The apparel industry is experiencing a much faster pace nowadays. The industry cycle has been accelerated significantly since customers are expecting a shorter designing period and more collections for new seasonal trends. Customers' rapidly changing preferences and the competitive apparel retail landscape add pressure on the apparel SCM services providers to reduce the lead time for new products.

This section sets out a summary of the material laws and regulations that govern our business operations:

LAWS AND REGULATIONS OF HONG KONG

This section sets out a summary of certain aspects of the laws and regulations of significance to our Group's operations and businesses in Hong Kong.

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every entity which carries on a business in Hong Kong to apply for business registration. We held a valid business registration certificate under the Business Registration Ordinance throughout the Track Record Period and as at the Latest Practicable Date.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance imposes taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation. We, as a company carrying out business in Hong Kong, are subject to the profits tax regime under the Inland Revenue Ordinance.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance is an ordinance for, among others, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies in Hong Kong. The Employment Ordinance covers a comprehensive range of employment protection and benefits for employees including, among others, wage protection, paid annual leave, maternity protection, payment in lieu of notice and long service payment.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

Employees' Compensation Ordinance imposes a statutory obligation on all employers to insure against their liabilities for the injuries of their employees at work both under the Employee's Compensation Ordinance and at common law in respect of all their employees.

In addition, Employee's Compensation Ordinance provides that if personal injury and death by accident arising out of and in the course of employment is caused to an employee, his employer is generally liable to pay compensation. Further, Employee's Compensation Ordinance provides that no employer shall employ any employee unless there is in force in relation to such employee a policy of insurance.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Employers are required to enrol their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a MPF scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK$25,000 and HK$7,100 per month, respectively before 1 June 2014 or HK$30,000 and HK$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK$1,250 before 1 June 2014 or HK$1,500 on or after 1 June 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK$25,000 per month before 1 June 2014 or HK$30,000 on or after 1 June 2014).

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance establishes a statutory minimum wage regime to provide for a minimum wage at an hourly rate for employees employed under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), save for stipulated exceptions.

Statutory minimum wage became effective on 1 May 2011 and with effect from 1 May 2017, the minimum wage rate is raised from HK$32.5 per hour to HK$34.5 per hour.

The Minimum Wage Commission must report on any recommended changes in statutory minimum wage at least once in every two years to the Chief Executive in Hong Kong, and the Chief Executive may adjust the statutory minimum wage having regard to such recommendation.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury to persons or damage caused to goods or other property on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitors will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

RELEVANT LAWS AND REGULATIONS OF THE U.S.

Jurisdiction analysis

The application of U.S. law to non-resident entities by courts of law and administrative bodies is limited by legal principles of personal jurisdiction. The two broad jurisdictional concepts that must be considered when analysing whether personal jurisdiction exists are "general" and "specific" jurisdiction. For the court of a forum state to exercise either general or specific jurisdiction over a non-resident defendant, the defendant must have certain contacts with the forum state adequate to establish minimum contacts. General jurisdiction requires a defendant to defend a lawsuit unrelated to its contacts with a forum state if the defendant has had continuous and systematic general business contacts with the state. Alternatively, a court may have specific jurisdiction over a non-resident defendant when that defendant has purposefully directed its activities at residents of that state or consummated a transaction with the forum state or a resident of that state, and the litigation results from alleged injuries that arise out of or relate to those activities. In order to establish the minimum contacts needed to sustain specific jurisdiction, the defendant must "purposefully avail itself" of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws.

Based on our Group's minimal direct contacts with the U.S., and that we have no subsidiaries or affiliates in the U.S., own no real property in the U.S., have no office or bank accounts in U.S. and are also not registered to conduct business in any U.S. state, a U.S. court would not likely acquire general jurisdiction over our Group. However, once the Company opens its representative office in the U.S., the Company will then have a place of business in the U.S., which will likely confer general jurisdiction on U.S. courts to adjudicate any and all disputes involving the Company.

On the other hand, while our products are indeed sold to consumers in U.S. and therefore placed into U.S. stream of commerce, it does not appear that we intentionally direct or sell any products into any particular U.S. state. Taking together with the fact that we complete all of our transactions in Hong Kong and do not exercise control over the destinations of any of our products, many U.S. courts under the prevailing case law would conclude that we likely have not purposefully availed ourselves of a U.S. forum for claims arising out of injuries from our Company's products. Having said that, since our Group has entered into some contracts with its U.S.-based customers, there is still a possibility that a U.S. court would find the existence of specific jurisdiction for disputes over those contracts.

General Overview of Applicable U.S. Laws and Regulations

I. Consumer Protection, Product Safety and Product Liability Law

In the United States, there are two separate and distinct areas of law that may apply to product defects or injuries caused by a product: product safety regulations and product liability law. The first is a body of administrative law pertaining to product requirements and rules that are enforced by various government agencies, depending on the product. The second body of law, products liability law, governs litigation of product accidents and injuries in which a plaintiff may be entitled to recover monetary damages. Exposure to United States products liability law can be broad and allows consumers to sue a party who designed, manufactured, sold, or supplied an offending product, whether that causes an injury or in some cases where there is a likelihood that a product could cause injury. Exposure to either product safety regulations or products liability law in the United States is limited by the jurisdictional power of the courts in the United States and its administrative agencies based on the reasons set forth under the paragraph headed "Jurisdiction Analysis" above in this section.

A. Product Liability Law:

Products liability law governs private litigation of product accidents. It operates *ex post*, meaning it is a body of rules that govern after a product accident has already occurred. There are four basic theories of recovery when dealing with a product alleged to be defective: strict products liability, negligence, breach of warranty, and tortious misrepresentation. A litigant is not limited to one theory in bringing a lawsuit, but rather can assert any and all theories simultaneously. Further, all four theories have broad application to a vast array of products.

Strict products liability is generally the most common cause of action asserted in lawsuits involving allegedly defective products. This is because, unlike negligence, strict products liability wrongs do not depend on the degree of carefulness by the defendant. The analysis depends solely on the product and whether it was defective at the time it left the hands of the manufacturer. A product can be defective in its manufacture, that is the product does not conform to design specifications or performance standards, or it deviated in some material way from otherwise identical units of the same product line. A product can also be defective in its design. A product has a design defect when its design or configuration is what makes it unreasonably dangerous. Finally, a product can be defective because it lacks proper warning or instructions. These are generally called failure to warn claims.

With strict products liability, it is irrelevant whether the manufacturer or supplier exercised all due care in the design, manufacture, or marketing of the product; if there is a defect in the product that causes harm, he or she will be liable for it. Thus, strict product liability is liability without fault for an injury proximately caused by a product that is defective and not reasonably safe.

Negligence actions, on the other hand, require a plaintiff to show that (1) the defendant owed the plaintiff a duty of due care, (2) the defendant breached that duty by furnishing a defective product, and (3) the defendant's breach caused the plaintiff's injury. The analysis focuses on the acts or omissions of the manufacturer of the product. The duty to exercise reasonable care involves every phase of getting the product to the public. For example, not only must the product be manufactured with reasonable care, the product must also be designed in a way that is safe when used as intended. The product must be inspected and tested at appropriate stages in the manufacturing, distribution and selling process. The product must be made from appropriate (i.e., safe and non-defective) materials, and assembled with appropriate care to void against its negligent manufacture. The product's container or packaging must be adequate (and not itself dangerous or defective), and contain appropriate warnings and directions for use. An otherwise non-defective product can be made unsafe by the failure to provide adequate instructions for its safe use.

The breach of warranty cause of action is governed by contract law. In the simplest of terms, a warranty is a promise, claim, or representation made about the quality, type, number or performance of a product. In general, the law assumes that a seller always provides some kind of warranty concerning the product he sells and the he should be required to meet the obligation created by the warranty.

For the most part, the law that governs the sale of goods, in general, and warranties, in particular, is uniform from state to state. The law that governs the sale of goods is Article 2 of the Uniform Commercial Code – or, as it is typically referred to, the UCC. The UCC has been adopted in every state. Under the UCC, there are two kinds of warranties: express and implied. An express warranty can be created by a representation by the seller, or by showing a sample of a product to the buyer where the buyer reasonably assumed that a second shipment of the same quality as the first would be provided. An implied warranty, on the other hand, is presumed to exist unless the buyer clearly and unambiguously disclaims it in writing as part of the sales agreement.

Finally, tortious misrepresentation is similar to warranty in that it seeks to hold a party liable for misrepresenting a material fact about the product which causes either damage or injury. The rules governing tortious misrepresentation are judge-made and vary from jurisdiction to jurisdiction.

B. Product Safety Regulations

The second body of law is product safety law. The law of product safety is regulatory law and is governed primarily by the CPSC, an administrative agency of the United States federal government that regulates certain classes of products sold to the public. Flammable fabrics that may be used in men's and women's apparel fall under its jurisdiction. Product safety law operates *ex ante*, meaning that it seeks to prevent product-caused accidents and diseases before they occur.

The CPSIA was passed by the United States Congress in 2008. The CPSIA constituted a significant overhaul of consumer product safety laws in the United States and was designed to enhance federal and state efforts to improve the safety of all products imported into distributed in the United States. Products imported into the U.S. which fail to comply with CPSIA's requirements are subject to confiscation and the importer and/or distributor in the U.S. is subject to civil penalties and fines, as well as possible criminal prosecution. However, while the CPSC works closely with U.S. custom agents, its jurisdiction does not extend beyond the territorial limits of the United States.

Under the CPSIA, a "general conformity certification" is required for any consumer product imported into the U.S. that is subject to a consumer product safety rule issued under the Consumer Product Safety Act, or a similar rule, standard, regulation, or ban issued by the CPSA or under any statute issued by the commission. The requirement applies to all manufacturers and importers of goods. Those parties must certify that their products comply with all applicable consumer product safety rules and similar rules, bans, standards, and regulations under any law administered by the commission. Such laws include the CPSA, Flammable Fabrics Act, Federal Hazardous Substance Act, and Poison Prevention Act.

The Improvement Act specifies that certification must be based on a "test of each product or a reasonable testing program." The certificate must accompany the product or shipment of products, and a copy must be furnished to each distributor or retailer. The certification must also be furnished to United States Customs. And, if requested by the commission, a copy must be furnished to the CPSC. Where there is more than one manufacturer or importer for a product, the party providing the certification should be the importer for imported products.

1. Products Standards

FFA

For all apparel, CPSC provides flammability tests for clothing textiles & bans any dangerously flammable clothing textiles. It does not include "film and fabrics having a nitro-cellulose fiber, finish, or coating". Exceptions from testing include: hats, gloves, footwear (but not hosiery), & interlining Fabrics. Recognized exemptions from testing include: Plain surface fabrics (those without intentionally raised fiber or yarn surfaces) weighing 2.6 oz. per yd^2 or more and fabrics made entirely from, or a combination of, acrylic, modacrylic, nylon, olefin, polyester, wool.

TFPIA

The TFPIA (15 USC. Ch. 70-70k), administered by the Federal Trade Commission, prohibits the importation, manufacture, sale, offer for sale, transportation for sale, distribution, or advertising of any textile fiber product that is misbranded or falsely or deceptively advertised. To avoid being considered misbranded, the TFPIA requires that most textile products have a label attached to each textile product (and if necessary, the package or container) in a secure manner, which lists out:

- The generic names and percentages by weight of the constituent fibers in the product;

- The name under which the manufacturer or other responsible company does business, or the registered identification number of the company; and

- The name of the country where the product was processed or manufactured.

Articles of apparel are specifically covered by the TFPIA (16 CFR Ch. 303.45(a)(1)). The Federal Trade Commission has various remedies for violations of the TFPIA and its regulations. It may issue an administrative order, seek civil penalties, and bring an action in federal court. Our apparel products sold into the U.S. should comply with the TFPIA.

Pursuant to the information the Company has provided, the products the Company sells are subject to regulation by the CPSC (for flammability) and FTC (for textile labeling) and our understanding is that the products are tested for and comply with such regulations.

2. California Specific Statutes and Regulations

In addition to the regulatory scheme imposed on the Federal level and state based claims, it is important to note that state regulations can also control the distribution of imported products into the U.S. The most significant of those, and which are worthy of particular mention, are California statutes and regulations.

California's Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code section 25249.5 *et seq*., commonly known as "**Proposition 65**") requires that a warning be given before any manufacturer or distributor knowingly exposes anyone in California to any of approximately 800 chemicals identified by the state as a carcinogen and/or a reproductive toxicant. Various phthalates which can be used in plastics and vinyl (BBP, DEHP, DBP, DnHP, DIDP, and DINP) are among the chemicals so regulated. Exposures requiring a warning include those that may occur from handling a product or its packaging. This statute and the related regulations apply to all consumer products including medical products and devices, whether or not regulated by the FDA. Under Proposition 65, enforcement for failure to provide an appropriate warning is brought about either by government authorities in California or by private enforcers and may result in fines of up to $2500 per day per item sold and the payment of the enforcer's legal costs and fees.

For some chemicals, a "safe harbor" level has been determined whereby a warning is not required under this statute if the use of a specific product or its packaging would not result in exposing the average user to more than that level of the chemical at issue. Because the amount of exposure is dependent upon how a product is used, it is often not easy to determine whether a product which contains one of these chemicals falls below a safe harbor level. In other instances, settlements have been reached whereby the parties agree to a limit of a chemical in certain products. In a wide-reaching settlement of an action involving a variety of phthalate- containing products, dozens of product manufactures agreed, in addition to payment of substantial penalties, to promulgate the so-called "3P standards" ("a maximum concentration, by weight, of DEHP, BBP and DBP, each, of 1000 parts per million (ppm) or less in any poly vinyl chloride, soft plastic, other vinyl or synthetic leather component"). Recent settlements of private enforcement claims have also set 1000 ppm or 0.1% of weight as the level for various phthalates in non-child focused products, below which a warning is not required.

Overseas manufacturers are not exempt from these Proposition 65 requirements if their products are sold in California.

C. Product Labeling

All apparel products require country of origin markings, the location of which (e.g., center neck or waistband) depends on the type of garment. In addition to origin markings, apparel products are also required to be marked for washing instructions, fiber content and other information. Origin and other marking requirements are administered and/or enforced by CBP and the United States Federal Trade Commission. Marking violations can result in monetary penalties and delays in customs clearance.

II. Import Tariff and Quota Regulations

Quota

Starting 1 January 2009 all apparel products exported from China to the U.S. were no longer subject to quota (quantitative restrictions). Under the global safeguard and China-specific safeguard (which expires at the end of 2013), the U.S. could re-impose quantitative restrictions, albeit on a limited basis, on apparel products from China.

Custom duties

Manufactured goods imported from China are generally subject to United States import duties. China is subject to the general rates applicable to most countries with which the U.S. does not have a FTA in place. *See http://trade.gov/fta/* (as of January 1, 2015, the U.S. has 14 FTA's in force with 20 countries, but China is not one of them). The rates of duty are set forth in the HTSUS which identifies applicable duties for the universe of imported goods, organized by class and specific article. *See https://www.usitc.gov/tata/hts/bychapter/index.htm.*

When goods are dutiable, ad valorem, specific or compound rates may be assessed.

- ad valorem rate – the type most often applied – is a percentage of the entered value of the merchandise, such as 5% ad valorem.

- specific rate – a specified amount per unit of weight or item count, such as 5.9 cents per dozen.

- compound rate – a combination of both an ad valorem rate and a specific rate, such as 0.7 cents per kilo plus 10% ad valorem.

Rates of duty for imported merchandise may also vary depending upon the country of origin. Apparel manufactured in China is dutiable under NTR (normal trade relations) rates. CBP has the authority to make a rate advance should CBP determine that the classification claimed by the importer is incorrect. Our Group's products are generally subject to an ad valorem duty rate of between 3% and 32%. Duty is paid by our Group's customers when our Group's customers purchase products from our Group on an FOB (free on board) China basis and by our Group when our Group's customers purchase products from our Group on an LDP (landed duty paid) basis.

Classification

All goods that enter the U.S. are classified according to the HTSUS. The United States International Trade Commission maintains and publishes the HTSUS, but CBP is responsible for interpreting and enforcing it. The HTSUS comprises a hierarchical structure for describing all goods in trade for duty, quota, and statistical purposes. This structure is governed by HS which is administered by the World Customs Organization. The four-digit and six-digit HS product categories are subdivided into unique eight-digit rate lines unique to the U.S. and 10-digit non-legal statistical reporting categories. Classification of goods in this system must be done in accordance with the General and Additional U.S. Rules of Interpretation, starting at the four-digit heading level to find the most specific provision and then moving to the subordinate categories. The HTSUS is currently divided into 99 chapters, almost all of which are grouped by product type. Textile and textile articles are grouped under Section XI of the HTSUS. Our Group's products fall under Chapter 61 (knit apparel) of such section.

Valuation

Under U.S. law, the preferred basis of valuation, against which the relevant duty rate is applied, is the "transaction value" of the goods. Transaction value is normally the price paid by the U.S. importer to the foreign seller. Where the foreign seller is a middleman and not the manufacturer, transaction value may, under "first sale" principles, be based on the lower price paid by the foreign seller to the foreign factory.

Where the Company's customers purchase products from the Company on an FOB basis and therefore act as the importers, the customers pays duty. Where the Company sells on an LDP basis and therefore is responsible for importing the goods and paying for the duty, the Company pays duty on such intragroup price. Where goods imported into the U.S. are involved in a series of sales (for example, factory to middleman, middleman to customer, etc.), CBP has the authority to make a "valuation advance" should CBP determine that the basis of valuation is a later sale and not an earlier sale claimed by the importer. Further, should CBP determine that goods are undervalued, CBP has the authority to impose monetary penalties.

There are a number of provisions of U.S. trade law which may allow or result in modification of these duties. They include provisions of general application and China-specific provisions. Sections 201 through 204 of the Trade Act of 1974 (19 U.S.C. §§ 2251-2254) provide the authority and procedures for the U.S. to take various actions to facilitate a domestic industry's adjustment to import competition. For example, if the International Trade Commission determines that an article is being imported in such increased quantities as to threaten domestic producers of similar products, the U.S. may, among other things, increase or impose a duty, or a tariff-rate quota.

III. General Taxation

Corporate income tax is imposed at the federal level on all entities treated as corporations and by 47 states and the District of Columbia. Certain localities also impose corporate income tax. Corporate income tax is imposed on all domestic corporations and on foreign corporations having income or activities within the jurisdiction.

IV. Anti-dumping Laws:

There are a range of trade laws in the United States which address the issue of imports which may injure or threaten U.S. industries. Under anti-dumping laws (Title VII of the Tariff Act of 1930), USITC, conducts investigations into whether dumping or subsidization is occurring in products brought into the U.S. market. A significant proportion of such investigations in recent years have been in relation to imports from China.

Whether an item is being dumped or not is assessed on the basis of whether it is being sold at less than fair value in the United States. This means that it is being sold below the producer's sales price in its home market, or at a price which is lower than the cost of production. Subsidization occurs when a government provides countervailable financial assistance to benefit, production, manufacture and/or export of a good. There is first an assessment made by the Commerce Department that dumping or subsidization is occurring, together with a calculation of the estimated margin of dumping or amount of subsidy, and then the USITC is called upon to determine whether or not there is a material injury or threat to U.S. industry. If such a threat is found, Commerce will issue an antidumping duty and/or countervailing duty order. When such an order is imposed, U.S. Customs and Border Protection is instructed to assess special duties on products subject to the order at the time of their import.

After an order has been issued, there is an automatic "sunset" review, pursuant to the Uruguay Round Agreement Act, approved in late 1994, no later than five years after the order is issued, which is conducted to assess whether a revocation of the order would lead to the continuation or recurrence of dumping or subsidies and of material injury within a reasonably foreseeable time.

In addition to anti-dumping and subsidization investigations, there is a special China safeguards investigation which may also be conducted by USITC. Under this safeguard law, the Commission determines whether articles from China are being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products. If the Commission makes an affirmative determination, it proposes a remedy. The Commission sends its report to the President and the U.S. Trade Representative. The President makes the final remedy decision.

V. Laws Relating to Intellectual Properties

Trademarks law in the U.S. is governed by both state and federal law and the main federal statute is the Lanham Act. A trademark includes any word, name, symbol, slogan or device (such as design), or any combination of these, used to identify goods or services and to distinguish them from those manufacture, sold or serviced by others. The remedies for trademark infringement can include injunctions, lost profits and damages.

Patent law in the U.S. is governed exclusively by federal law, namely the Patent Act, which secures for inventors an exclusive right to their discoveries. Types of patents recognized under U.S. law include utility patents, design patents and plant patents. A patent is essentially a limited monopoly whereby the patent holder is granted the exclusive right to make, use and sell the patented innovation for a limited period of time.

VI. Competition Laws

The United States has a variety of federal statutes which are designed to promote fair and open competition by prohibiting unfair, restrictive or collusive business practices. These statutes include the Sherman Antitrust Act, 15 U.S.C. § 1 et seq., as amended, the Clayton Act, 15 U.S.C. § 12 et seq., as amended, the Federal Trade Commission Act, 15 U.S.C. § 45 et seq., as amended, and the Robinson-Patman Act, 15 U.S.C. § 13a et seq., as amended. These statutes prohibit, among other things, agreements or arrangements in restraint of trade, unfair or deceptive trade practices and, in certain situations, unfair or discriminatory pricing practices. They may be enforced by the Department of Justice, the Federal Trade Commission and private litigants. In addition, most states have similar statutes which likewise prohibit arrangements in restraint of trade, unfair or deceptive practices and unfair or discriminatory pricing practices. These state statutes are enforced by State Attorneys General and other state regulators, as well as private litigants.

RELEVANT LAWS AND REGULATIONS OF FRANCE

Contract Law and Jurisdiction over disputes with French customers

Articles 66 and 333 of the Code of Civil Procedure

Article 66 of the Code of Civil Procedure provides that "a participation (in a lawsuit) occurs when there is a request to make a third party an actual party to the lawsuit underway between the original parties….the participation is deemed to be 'forced' when the third party is brought into the legal action by an existing party."

Article 333 of the Code of Civil Procedure provides that "(t)he third party brought into the procedure is required to appear before the court having jurisdiction over the original complaint, without being able to challenge the territorial jurisdiction of this court, even if it claims the benefit of a (contractual) jurisdictional clause."

The Hague Convention of 15 November 1965

The Hague Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters is an international convention, signed by a number of countries and other administrative units, governing the procedures for delivering judicial and extrajudicial documents to a party located in a foreign country. This convention is in force in both France and China (Hong Kong). It details a number of ways in which service of process (for example, delivering a complaint prepared in one country to a future defendant in another location) should be carried out; the failure to carry out such service of process in accordance with one of the methods detailed in the Convention could allow a party to challenge such service of process.

Compliance with French law in respect of the Company's Customers

Articles 1170 and 1231-3 of the Civil Code

Article 1170 of the Civil Code provides that "any clause which completely eliminates the primary obligation of a party having to perform an obligation is deemed to be null". This article, as interpreted by French courts, authorizes the existence and enforcement of clauses which limit the legal or contractual liability of a party which is required to perform an obligation, provided however that such limitation of liability is not so complete or exhaustive that it renders the obligation to perform meaningless.

Article 1231-3 of the Civil Code provides that "a party which is required to perform a contractual obligation is only liable for damages which can be foreseen or which might be foreseen at the time that the contract was signed, except when the failure to perform is the result of a material and substantial breach". The French courts have interpreted this clause (as is the case with Article 1170 referred to above) as expressly authorizing clauses which limit the legal or contractual liability of a party, unless such liability arises pursuant to a serious and material breach of the performing party, the determination of which is usually made by a French court based on the facts of the case at hand.

Cour de Cassation, 1ère Chambre Civile, 19 January 1982, n° 80-15.745.

The decision of the French Supreme Court (Cour de Cassation), First Civil Chamber, dated 19 January 1982 (n° 80-15.745) held, *inter alia*, that there exists no general prohibition in French law with respect to contractual clauses limiting the responsibility of a party in the performance of its obligations. This decision, among others, is used to validate the existence of clauses which limit the liability of a party which is required to perform an obligation toward or for the benefit of another party.

Compliance with Health and Safety Regulations

Article L 421-3 of the Consumer Code

Article L421-3 of the Consumer Code provides that "the products and services must offer, under normal conditions of use or under other conditions of use which are reasonably foreseeable by the professional, the safety which one may legitimately expect and which do not harm the health of persons."

This is the general provision imposing a requirement that products sold in France must not endanger the health and welfare of French persons who will purchase them.

Article L 421-1, 1° of the Consumer Code

Article L421-1, 1° of the Consumer Code offers a definition of a "producer", which is "either the manufacturer of a product (when such manufacturer is located in the European Union, as well as any other person which identifies itself as a manufacturer by placing its name, mark or other distinctive sign on the product, … or the representative of the manufacturer, when the manufacturer is not located in the European Union or, in the absence of a representative located in the European Union, the importer of the product".

The "producer", in the broad definition set forth in this Article, has the initial primary responsibility to ensure that the products being offered for sale in France respect health and safety requirements.

Article L 221-1, 2° of the Consumer Code

Article L221-1, 2° of the Consumer Code defines any "non-establishment contract" as being one between a professional (seller) and a consumer, and includes distributors of products in France which are sold to consumers. Distributors of products in France have, along with producers, the initial primary responsibility with respect to offering goods that respect health and safety requirements.

Article L 421-4 of the Consumer Code

Article L421-4 of the Consumer Code provides that "producers and distributors are required to take all useful measures in order to contribute to the respect of all of the safety obligations set forth" in the Security Chapter of the Consumer Code.

Article L 411-1 of the Consumer Code

Article L411-1 of the Consumer Code provides that "at the moment that they are first introduced into the stream of commerce, the products and services must respect the requirements in effect relating to the health and safety of persons, to the fairness of commercial transactions and to the protection of consumers. The party initially responsible for putting such products and services into the stream of commerce shall verify that such product or service conforms to the requirements in effect."

This Article provides generally that the first party introducing products for sale in France has the initial responsibility for ensuring that such goods respect applicable health and safety regulations.

Foreign Trade, Customs and Import Duties – "www.douane.gouv.fr/articles/a12246-incoterms-et-valeurs-en-douane"

The website of the French customs authorities indicates, with respect to each of the buyer and the seller of a good or service being brought into France, which obligations must be respected by each of them, pursuant to the various recognized Incoterms used in international commerce.

Taxation

Article 209 of the General Tax Code

Article 209 of the General Tax Code provides that corporate income tax ("*impôt sur les sociétés*") is levied on profits earned by companies operated in France.

This Article establishes the general principle of territoriality with respect to French corporate income tax.

The Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of France for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital and the Prevention of Fiscal Evasion, signed on 21 October 2010

This Agreement, more commonly known as a "double taxation treaty" between Hong Kong and France, was signed on 21 October 2010; its general purpose is to avoid double taxation on persons (individuals and legal entities, including corporations) located in, doing business in, or otherwise carrying out activities in both jurisdictions.

COMPLIANCE WITH LAWS AND REGULATIONS

We confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

OUR HISTORY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 June 2017. Since its incorporation, our Company has been an investment holding company with no business operations. Pursuant to the Reorganisation, as more particularly described in the paragraph headed "Reorganisation" in this section of this prospectus, our Company has become the holding company of our Group for the purpose of the Listing.

As at the Latest Practicable Date, the subsidiaries of our Company comprised Century Momentum, Majestic City International and Success Great. For further details of the subsidiaries of our Company and the corporate structure of our Group, please refer to the paragraph headed "Our Corporate History" in this section.

OUR BUSINESS DEVELOPMENT

Introduction

Mr. Leung, our executive Director and chairman of our Board, and Ms. Tam, our executive Director, co-founded and established our Group in 2008. Prior to the establishment of our Group, Mr. Leung gained extensive working experience and expertise in merchandising skills in the apparel industry. Having spent more than 13 years in the merchandising field, Mr. Leung co-founded Majestic City Limited in 2001 and Majestic City International in August 2008 with Ms. Tam. Further details on the background and relevant industry experience of Mr. Leung and Ms. Tam are set forth in the paragraph headed "Executive Directors" under the section headed "Directors and Senior Management" in this prospectus.

Majestic City Limited, incorporated in 2001, which is owned as to 50.0% by Mr. Leung and 50.0% by Ms. Tam, commenced garment business with target overseas customers. In 2005, Majestic City Limited established business relationship with U.S. customers, providing apparel SCM services on products such as jackets, pants and shorts. Prior to the establishment of our Group, Majestic City Limited established business relationship with two of the customers, each of them being one of the major customers of our Group during the Track Record Period. On 16 March 2007, Majestic City Limited entered into a sale and purchase agreement with an Independent Third Party in which Majestic City Limited acquired an office at Siu Wai Industrial Centre located in Hong Kong. Since then, Mr. Leung and Ms. Tam decided to transfer the entire garment business from Majestic City Limited to Majestic City International and Majestic City Limited remained as a property holding company subsequently. Majestic City Limited does not form part of our Group.

With our continuous growth in business, Majestic City International was incorporated in August 2008, conducting its principal business with clients located in the U.S. Having years of business development and expansion, we have expanded our business to over 30 countries, and the U.S. and France were our two largest markets.

Our Group is principally engaged in providing apparel SCM services. Further details on our business are set forth in the section headed "Business" in this prospectus.

Business milestones

The following table summarises our major business milestones of development and achievements over the years.

Year	Major developments and achievements
2008	Establishment of Majestic City International, having principal business with clients located in the U.S.
	Established our own quality control team
2010	Acquired the premises at Unit 212 and 213, 2nd Floor, Elite Industrial Centre located in Hong Kong as our principal place of business, due to expansion of our business and scale
2011	Rented the premises at Unit 214 and 215, 2nd Floor, Elite Industrial Centre located in Hong Kong due to further expansion of our business and scale
2013	Expanded our customer base to France and other European countries
2016	Expanded our customer base to Australia
2017	Expanded our customer base to the United Kingdom

OUR CORPORATE HISTORY

A summary of the corporate history of our group is set out below:

Our Company

On 20 June 2017, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each. On the same day, one Share was allotted and issued as nil paid to the initial subscriber of our Company, an Independent Third Party. Such nil paid Share was then immediately transferred to Giant Treasure at par. On 26 August 2017, 999 Shares were allotted and issued as fully paid to Giant Treasure at par. As at the Latest Practicable Date, our Company was wholly-owned by Giant Treasure, which was ultimately owned as to 50.0% by Mr. Leung and 50.0% by Ms. Tam. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 August 2017.

Majestic City International

On 18 August 2008, Majestic City International was incorporated in Hong Kong as a company limited by shares with an authorised share capital of HK$10,000 comprising 10,000 shares of HK$1 each, of which one fully paid subscriber share was allotted and issued to each of Mr. Leung and Ms. Tam. Since then, Majestic City International was owned as to 50.0% by Mr. Leung and 50.0% by Ms. Tam.

Since the incorporation of Majestic City International, Majestic City Limited transferred all of its garment business to Majestic City International, which in turn has become the operating subsidiary of our Group since 2008. Majestic City International is principally engaged in providing apparel SCM services to international customers principally based in the U.S. and Europe.

As a result of the Reorganisation, Majestic City International was acquired by Century Momentum and became an indirect wholly-owned subsidiary of our Company. Further details on the Reorganisation are set forth in the paragraph headed "Reorganisation" in this section of this prospectus.

Success Great

On 10 October 2014, Success Great was incorporated in Hong Kong as a company limited by shares, and one fully paid subscriber share was allotted and issued at HK$1 to an Independent Third Party, which in turn transferred the one subscriber share at a consideration of HK$1 to Mr. Leung on 7 November 2014. On the same day, one fully paid share was allotted and issued to Ms. Tam. Since then, Success Great was owned as to 50.0% by Mr. Leung and 50.0% by Ms. Tam.

Success Great is the operating subsidiary of our Group, principally engaged in apparel SCM services.

As a result of the Reorganisation, Success Great was acquired by Century Momentum and became an indirect wholly-owned subsidiary of our Company. Further details on the Reorganisation are set forth in the paragraph headed "Reorganisation" in this section of this prospectus.

Century Momentum

On 5 July 2017, Century Momentum was incorporated in the BVI as a company limited by shares which is authorised to issue a maximum of 50,000 shares of US$1 each. On 18 July 2017, 100 fully paid shares in Century Momentum were allotted and issued to our Company and became a wholly-owned subsidiary of our Company. Century momentum serves as a holding company for holding interests of our operating subsidiaries as part of the Reorganisation.

As a result of the Reorganisation, each of Majestic City International and Success Great became a wholly-owned subsidiary of Century Momentum. Further details on the Reorganisation are set forth in the paragraph headed "Reorganisation" in this section of this prospectus.

DISPOSAL OF BILLION SUCCESS

On 18 November 2015, Billion Success was incorporated in Hong Kong as a company limited by shares, and one fully paid subscriber share was allotted and issued at HK$1 to an Independent Third Party, which in turn transferred the one subscriber share at a consideration of HK$1.0 to Ms. Tam on 30 November 2015. On the same day, 99 fully paid shares were allotted and issued to Ms. Tam. Since then, Billion Success was wholly and beneficially owned by Ms. Tam. Also, Ms. Tam was the sole director of Billion Success since 30 November 2015, and resigned her role of sole director on 18 August 2017. During the Track Record Period and up to the date of disposal of Billion Success by Ms. Tam on 21 August 2017, Billion Success was an investment holding company of Jiangmen Majestic.

Jiangmenshi Mingzili is a company incorporated in PRC. Ms. Tam decided to establish apparel manufacturing business in the form of a joint venture with Jiangmenshi Mingzili, which would enable Ms. Tam to have more control over the supplies of apparel products. On 15 March 2016, Jiangmen Majestic was incorporated in the PRC and was held by Billion Success and Jiangmenshi Mingzili, as to 60.0% and 40.0% of its entire registered capital, respectively. Ms. Tam has been appointed as the director of Jiangmen Majestic since 15 March 2016, and Mr. Leung was also a supervisor of Jiangmen Majestic. During the Track Record Period, Jiangmen Majestic was principally engaged in manufacturing of apparel products, through its operation of the Jiangmen Factory.

During the Track Record Period and up to 21 August 2017, Ms. Tam, one of our Controlling Shareholders, was interested in Billion Success and Jiangmen Majestic.

Our Group has strategically decided to focus on the SCM services for our customers ranging from product development, sourcing and procurement of materials, production management, quality control and logistics arrangement, whereas Jiangmen Majestic is an apparel product manufacturer through the operation of the Jiangmen Factory having a different business model compared to our Group. Further, Jiangmen Majestic's operation is subject to PRC legal and compliance requirements, which means it has a different regulatory environment from that of our Group. The day-to-day operations of Jiangmen Majestic are conducted by the representatives of Jiangmenshi Mingzili, as they are experienced in the operations of apparel products manufacturing in the PRC. Billion Success was only involved, prior to 21 August 2017, in the major decision making for Jiangmen Majestic. Having considered the aforesaid and (i) our focuses on the aforesaid business areas would be inevitably distracted, as the day-to-day operations and management of manufacturing factory would be time-consuming and costly; (ii) more resources need to be poured into existing core business after the Listing; (iii) our Group has sufficient pool of suppliers so that we have no difficulties in sourcing alternative quality suppliers in PRC; and (iv) Billion Success was in a loss making position of approximately HK$20,000 for the year ended 31 March 2017, Ms. Tam decided to dispose of Billion Success and Jiangmen Majestic.

On 21 August 2017, Ms. Tam (as vendor), who owned 100 shares in Billion Success, representing 100.0% of its entire issued share capital, entered into a sale and purchase agreement with an Independent Third Party (the "**Purchaser**"). To the best knowledge and belief of our Directors, save and except that the Purchaser is a senior manager of Jiangmenshi Mingzili and former management of our Supplier A, the Purchaser has no past or present relationship, business or otherwise, with our Group, Shareholders, Directors, senior management or any of their respective associates. Pursuant to the sale and purchase agreement, Ms. Tam disposed of all her shareholding interest in Billion Success at the aggregate consideration of HK$116,000 payable by one lump-sum, which was negotiated at arm's length with reference to the consolidated net asset value of attributable to owners of Billion Success as at 31 March 2017 of approximately HK$116,000, adjusted by the shareholder's loan, cash and cash equivalent held by Billion Success. The disposal of Billion Success was properly and legally completed and the consideration was fully settled. Ms. Tam resigned as a director of Billion Success and Jiangmen Majestic on 18 August 2017 and 14 September 2017, respectively, and Mr. Leung resigned from his role of a supervisor of Jiangmen Majestic on 14 September 2017.

Having considered that (i) the Purchaser deliberated on acquiring Billion Success; and (ii) the Purchaser has been involved in the operation and management of Jiangmen Majestic since 2016, Ms. Tam was confident that having the Purchaser to takeover Billion Success could ensure a smooth transfer and minimal disruption to our Group's business. For the year ended 31 March 2017 and the six months ended 30 September 2017, our products manufactured by Jiangmen Majestic accounted for approximately 6.0% and 17.5% of our cost of sales, respectively. The increase in the amount of purchase from Jiangmen Majestic during the six months ended 30 September 2017 was due to the increase in demand from our customers for jackets to cater for the upcoming fall and holiday seasons, which Jiangmen Majestic mainly manufactured for our Group. Regarding the expected level of our reliance on Jiangmen Majestic going forward, it is our policies that we do not rely on a single source of supply for any of manufacturing services. We consider that there are available alternative suppliers at terms comparable to those of our current suppliers. If the products manufactured by Jiangmen Majestic could meet our and our customers' requirement, we expect to continue to engage Jiangmen Majestic as one of our manufacturer suppliers in the near future. As the peak season for ordering jackets for the year ending 31 March 2018 have passed, our Directors expect that the overall portion of purchases from Jiangmen Majestic will reduce for the remaining period of the year ending 31 March 2018.

Our Directors confirm that Ms. Tam does not have any financing, trust or other arrangement with the Purchaser in relation to the disposal of Billion Success. After the disposal aforementioned, Ms. Tam no longer has any direct or indirect shareholding interest in Billion Success or Jiangmen Majestic. Hence, Billion Success and Jiangmen Majestic did not form part of our Group.

Our Directors confirm that, to the best of their knowledge having made all reasonable enquiries, during the two years ended 31 March 2017 and up to 21 August 2017, being the date of disposal of Billion Success by Ms. Tam, Billion Success was not involved on any litigation or material non-compliance, nor subject to any investigation.

Prior to 21 August 2017, pursuant to Fire Prevention Law of the Peoples Republic of China (《中華人民共和國消防法》) and Provisions on the Supervision and Administration of Fire Protection of Construction Projects (《建設工程消防監督管理規定》), Jiangmen Majestic failed to file the relevant fire protection design documents and as-built fire protection acceptance for the premises it leased. While Jiangmen Majestic had been trying at its best efforts to file the documents with the fire department of the public security authority, as the landlord did not cooperate and provide Jiangmen Majestic with the necessary documents, which was not under a contractual duty to do so under the relevant tenancy agreement, Jiangmen Majestic was unable to complete the filing process up to 21 August 2017, being the date of disposal.

Our legal adviser to the PRC laws, Yingke Law Firm, advised that according to relevant laws and regulations, failure to file with the fire department of the public security authority the fire protection design documents and as-built fire protection acceptance in respect of the premise may result in a penalty of not higher than RMB5,000 and being required to rectify by filing the relevant documents within a prescribed period of time upon notice. Failing which, the fire department of the public security authority may notify the relevant premise to suspend operations. Up to 21 August 2017, Jiangmen Majestic had not received any penalties or filing request or notice on suspension of operations from the relevant government authorities in relation to the compliance of fire prevention, nor had received any complaint on fire prevention. Yingke Law Firm is of the view that if Jiangmen Majestic files these documents within the prescribed time upon receiving notice from the relevant government authority, the penalty that may be imposed upon Jiangmen Majestic shall be not more than RMB5,000, which is not considered as a material non-compliance. Moreover, on 25 July 2017, Jiangmen Majestic obtained the certificate from Work Safety Supervision and Administration Bureau of Xinhui district, Jiangmen City (江門市新會區安全生產監督管理局) providing that Jiangmen Majestic has not been subject to any penalties regarding the relevant laws and regulations on production safety since 15 March 2016. As such, Yingke Law Firm is of the view that as at 21 August 2017, Jiangmen Majestic had complied with the relevant laws and regulations on production safety.

Our Directors consider that our Group's operations will not be materially affected in the extreme scenario that Jiangmen Majestic is ordered to suspend its operations because (i) as at 30 September 2017, we had 34 apparel products suppliers and there are available alternative suppliers at comparable terms; and (ii) notwithstanding that Jiangmen Majestic was our top supplier for the six months ended 30 September 2017, we did not unduly rely on Jiangmen Majestic as it accounted for only approximately 17.5% of our total cost of sales for the six months ended 30 September 2017.

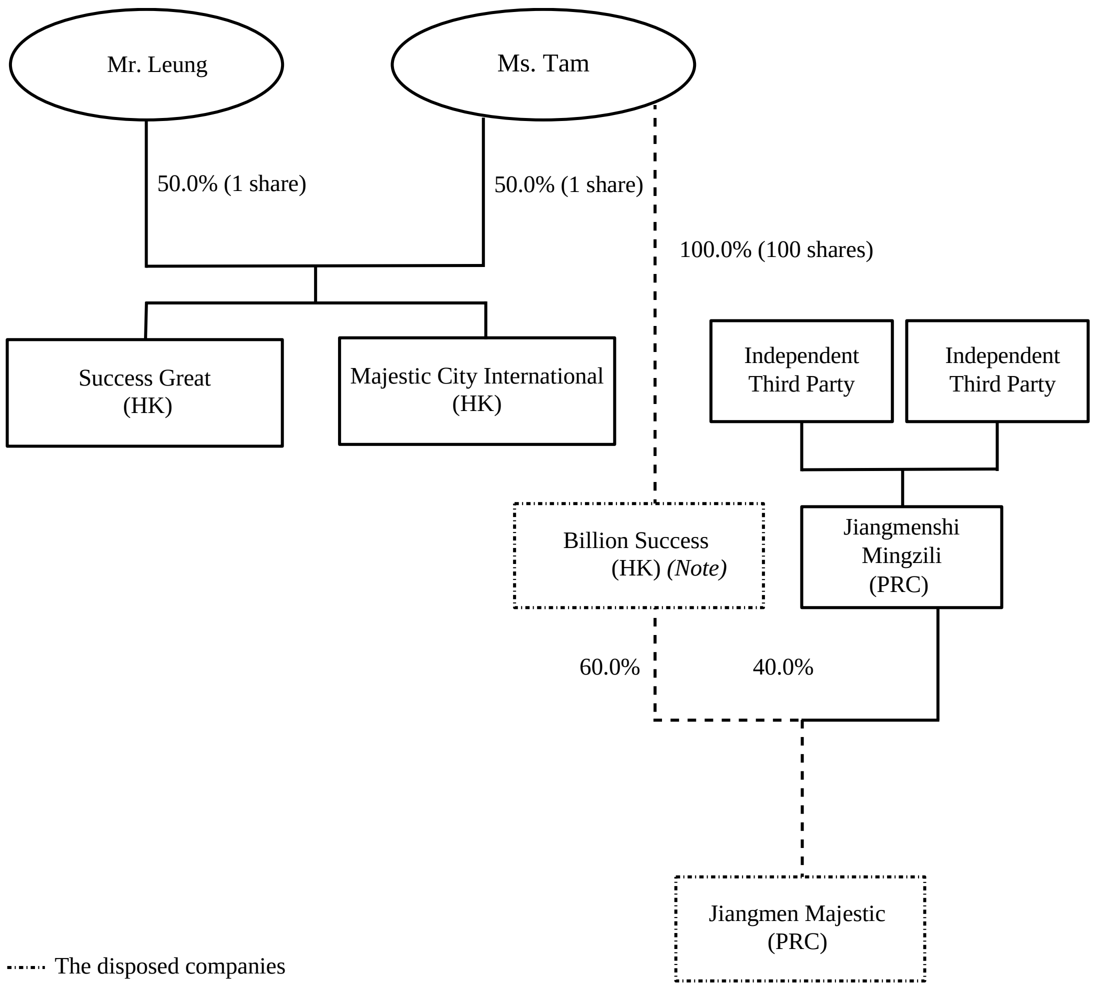
Further, Jiangmen Majestic failed to make the full contributions as required under Housing Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), as some of its employees refused to participate in such scheme as they neither intend to reside, nor to purchase any residential properties in the city of Jiangmen in the future, and Jiangmen Majestic had no right to force such employees to make such contributions or deduct such contributions from such employees' salaries without their consent for making such contributions. Yingke Law Firm advised that according to the relevant laws and regulations, failure to make the required contributions may result in being required to rectify within a prescribed period of time and, failing which, a penalty of not higher than RMB50,000 may be imposed. Up to 21 August 2017, Jiangmen Majestic had not been subject to any penalties regarding this issue from relevant governmental departments. Yingke Law Firm is of the view that such non-compliance will not have any material adverse legal consequences.

Save as disclosed above, our Directors confirm that, to the best of their knowledge having made all reasonable enquiries, during the two years ended 31 March 2017 and up to 21 August 2017, being the date of disposal of Billion Success by Ms. Tam, Jiangmen Majestic was not involved in any litigation or material non-compliance, nor subject to any investigation.

REORGANISATION

In preparing for the Listing, our Group commenced the Reorganisation in November 2016.

The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganisation:



Note: On 21 August 2017, Ms. Tam and the Purchaser, entered into a sale and purchase agreement, pursuant to which the Purchaser acquired the entire issued share capital of Billion Success from Ms. Tam, who is the sole shareholder of Billion Success. For further details, please refer to the paragraph headed "Disposal of Billion Success" under this section in this prospectus.

The Reorganisation involved following steps:

(a) Step 1: Incorporation of the corporate Shareholder

On 18 November 2016, Giant Treasure was incorporated in the BVI with limited liability. It is authorised to issue a maximum of 50,000 shares each with a par value of US$1. Upon incorporation, each of Mr. Leung and Ms. Tam subscribed for 50 fully paid shares of Giant Treasure for the issue price of US$50.

(b) Step 2: Incorporation of our Company

On 20 June 2017, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each. On the same date, one Share with par value of HK$0.01 was allotted and issued as nil paid to the initial subscriber of our Company, an Independent Third Party. Such nil paid Share was then immediately transferred to Giant Treasure. On 26 August 2017, 999 Shares were allotted and issued as fully paid to Giant Treasure at par, with the consideration of HK$9.99.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 August 2017.

(c) Step 3: Incorporation of Century Momentum

Century Momentum was incorporated in the BVI with limited liability on 5 July 2017. It is authorised to issue a maximum of 50,000 shares each with a par value of US$1. On its incorporation, our Company subscribed for 100 fully paid shares of Century Momentum for the issue price of US$1 per share.

(d) Step 4: Acquisition of the entire issued share capital of each of Majestic City International and Success Great by our Company

On 20 March 2018, as part of the Reorganisation, Mr. Leung and Ms. Tam entered into the shares swap agreement with our Company pursuant to which Mr. Leung and Ms. Tam transferred all of the issued share capital owned in each of Majestic City International and Success Great to Century Momentum as nominated by our Company, which in turn credit the one nil paid Share held by Giant Treasure as fully paid in consideration of such shares transfer. Immediately after such shares transfer, Giant Treasure remained as sole registered holder of 100.0% shareholding of our Company. As a result of such shares transfer, each of Majestic City International and Success Great became a wholly-owned subsidiary of Century Momentum.

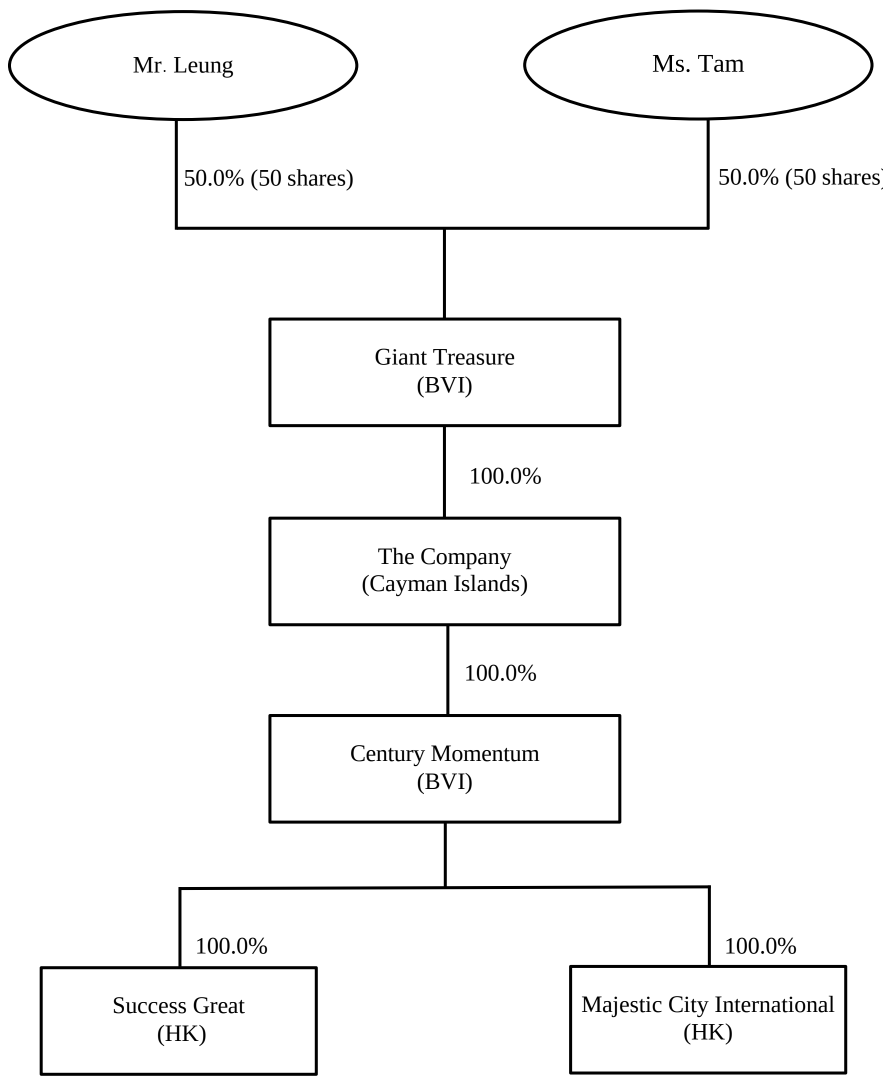
As confirmed by Hong Kong Legal Advisers, each of the shares transfer made in the Reorganisation was properly and legally completed and settled. No approval is required from the regulatory authorities in the relevant jurisdictions.

(e) Step 5: Capitalisation Issue and the Share Offer

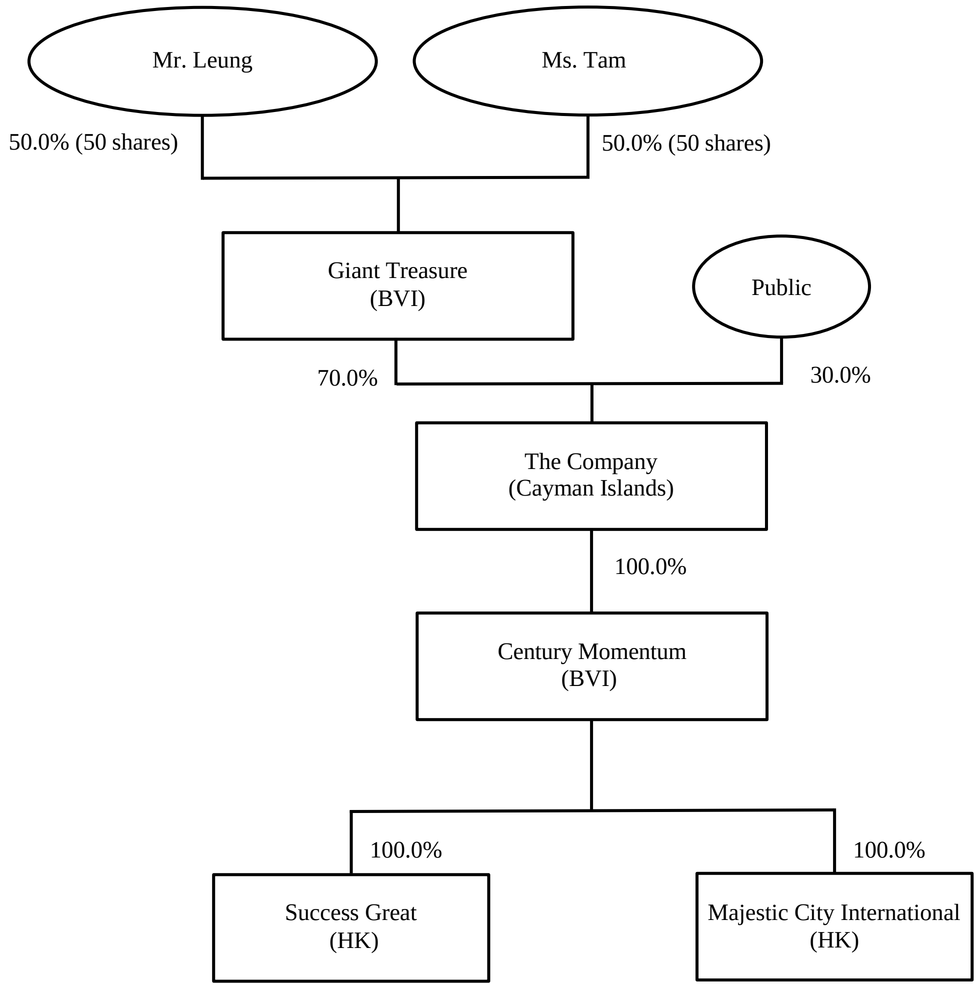
Conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, a sum of HK$2,999,990 standing to the credit of the share premium account of our Company will be capitalised by applying such sum in paying up in full at par a total of 299,999,000 Shares for allotment and issue to Giant Treasure on or before Listing.

CORPORATE STRUCTURE

The following chart illustrates the corporate structure of our Group immediately following completion of the Reorganisation:



The following chart illustrates the corporate structure of our Group immediately following completion of the Capitalisation Issue and the Share Offer:



OVERVIEW

Established in Hong Kong in 2008, we are an apparel SCM services provider and our services range from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. Our major customers consist of apparel retail brand customers based predominately in the U.S. and Europe, the products of which are marketed and sold under their own brands, such as Animal, Billabong, Element, Primitive, Ripple Junction, Roark Revival and X-Large. The product style and function of our key customers are generally casual lifestyle for the general consumers and outdoor performance for outdoor activities such as surfing and skiing.

We do not possess our own brand. All of our products are manufactured in accordance with the specifications and requirements provided by our customers. We propose suggestions to our customers regarding design and specification such as choice of raw materials, styling and pattern in order to meet their brand requirements and budgets. Once the production details such as product specifications and production schedule are confirmed, we produce prototype samples and salesman samples for our customers' approval. Once the bulk purchase orders are placed, we produce pre-production samples for our customers' final approval before mass production. We usually meet with our customers in advance of each main fashion season (i.e. spring, summer, fall and holidays) to understand their plans and recommend to them new product specifications and fashion trends in preparation for their upcoming product collection.

During the Track Record Period, our revenue was derived from the sales of our key apparel products, such as jackets, woven shirts, pullovers, pants, shorts, T-shirts, and other products such as vests and accessories, including socks and bags. Please refer to the paragraph headed "Products" below for breakdown of our revenue by product types during the Track Record Period.

During the Track Record Period, our products were sold to over 30 countries. The U.S. and France were our two largest markets, of which sales to the U.S. amounted to approximately HK$69.0 million, HK$73.5 million and HK$35.6 million for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, representing approximately 73.2%, 63.3% and 50.9% of our total revenue, and sales to France amounted to approximately HK$8.2 million, HK$20.9 million and HK$16.2 million for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, representing approximately 8.7%, 18.0% and 23.1% of our total revenue, respectively. Our products were also sold to other European countries such as Netherlands and the United Kingdom, as well as other locations such as Australia, Canada and Japan. During the Track Record Period and up to the Latest Practicable Date, we were the authorised suppliers of GSM and Customer F to supply their branded products, respectively. For details of our major markets and customers, please refer to the paragraph headed "Sales and marketing" below in this section.

During the Track Record Period, some of our products were manufactured by Jiangmen Majestic, which accounted for approximately 6.0% and 17.5% of our cost of sales for the year ended 31 March 2017 and the six months ended 30 September 2017, respectively. Other than such portion of products manufactured by Jiangmen Majestic, all of our products during the Track Record Period were either manufactured by our manufacturer suppliers or other manufacturers engaged by our trading company suppliers. Please refer to the paragraph headed "Procurement and suppliers" for details of our key suppliers. We maintained an established relationship with our suppliers and implemented quality control procedures throughout the production process. Our merchandising department follows up with our suppliers at various stages of the production process to ensure they conform with the specifications and requirements of our customers. Final quality inspection is performed by our quality control staff before packaging for delivery. We also manage the logistics arrangement for delivery of our products from our manufacturer suppliers and the manufacturers engaged by our trading company suppliers to our customers.

COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our continued success and potential for growth:

Provision of full spectrum of apparel SCM services

Customers can rely on us for a full spectrum of apparel SCM services, ranging from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. We believe that we have the competitive advantages in, amongst others, (i) our product development capabilities to provide practical suggestions to our customers for modification of their design and specifications in order to meet their product requirements within budget; and (ii) our familiarity with the apparel manufacturing industry and extensive experience in collaborating with our suppliers. Furthermore, we would show new products specifications and fashion trends to our customers and communicate with them through regular face-to-face meetings and sales presentations. We believe that the regular communications with our customers allow us to better understand their needs and requirements, which in turn strengthen the relationships with our customers.

According to Frost & Sullivan Report, our key customers are renowned international trendy brand customers. Examples of these well-known brands include Animal, Billabong, Element, Primitive, Ripple Junction, Roark Revival, and X-Large. These customers have strict quality control standards for their products. For example, some customers require chemical tests on our raw materials by outside testing and certification company, and some require us to engage only certain manufacturers whose production facilities can meet with their requirements such as product safety, work safety and corporate social responsibility. We place strong emphasis on our quality control measures to ensure our products meet our customers' standards consistently. For instance, our quality control staff, who have approximately two to ten years of relevant experience, conduct an interim and a final inspection of our products in accordance with our internal guidelines as well as the requirements of our customers and issue a report of the inspection result. For details of our quality control measures, please refer to the paragraph headed "Quality control" below in this section. We believe that our ability to consistently provide quality products to our customers' satisfaction has been and will continue to be the key to our success in building customer confidence and loyalty.

Established business relationships with renowned international trendy brands

Leveraging our knowledge and experience accumulated over the years in the apparel industry, we have established business relationships with our key customers. According to Frost & Sullivan Report, our key customers are renowned international trendy brand customers. Examples of these well-known brands include Animal, Billabong, Element, Primitive, Ripple Junction, Roark Revival, and X-Large. Most of our five largest customers during the Track Record Period were renowned international trendy brand customers and, as at the Latest Practicable Date, we had maintained business relationships with them for a period ranging from one to seven years. For details of our five largest customers during the Track Record Period, please refer to the paragraph headed "Our customers" below in this section. Our established relationships with these renowned international trendy brand customers generate a synergy effect which we believe, on one hand, boost our reputation and on the other hand allow us to attract more renowned customers of similar tier to further build up our track record as a reliable apparel SCM services provider. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we had eight, five and nine new customers, and the sales to them contributed to 3.0%, 2.0% and 15.0% of our total revenue, respectively. We believe that our business relationships with these brand customers will further reinforce our reputation and attract more new customers.

Our ability to provide a wide range of apparel products and accessories with flexible manufacturing solutions

We possess knowledge and experience to assist our customers to manufacture a variety of apparel products for their different product lines because it is common for our major customers, which are international trendy brand customers, to have a diversified product mix under a well-known brand. We are recognised by GSM and Customer F as their authorised suppliers to supply their branded apparel products, respectively. We believe this is a recognition of our ability to provide good quality products to our key customers. During the Track Record Period, our key products included jackets, woven shirts, pullovers, pants and shorts, T-shirts, and other products such as vests and accessories, including socks and bags. For details of our apparel products, please refer to the paragraph headed "Products" below in this section.

Underlying our high diversity of products is our extensive experience and technical know-how in relation to each type of apparel product. We are able to recommend different kinds of raw materials at different price levels and offer advice on how to modify our customers' design and specifications in order to fulfil their product requirements within budget. As a result, we can offer more competitive prices to secure orders from our customers with varying budgets for different types and tiers of products. Moreover, our relatively flexible requirement on the minimum order quantity is considered favourably by our customers. We consider that this further widens the reach of our customers and allows us to capture more business opportunities in the competitive apparel product market.

Management team with extensive apparel industry knowledge and experience

Our management team brings years of apparel industry knowledge and experience to our Group. Our management team is led by Mr. Leung, a co-founder of our Group, the chairman of the Board, an executive Director and the chief executive officer, who has over 29 years of experience in the apparel industry, particularly in the U.S. and European market and has played a leading role in our strategic development and overall management since the commencement of our Group's business. Ms. Tam, spouse of Mr. Leung, a co-founder of our Group and an executive Director of our Company, has been managing financial and administrative matters of our Group since its establishment. Ms. Chan Sheung Ping, our chief operating officer, has over 25 years of experience in merchandising field of apparel industry. With the knowledge and experience of our core management team, we believe our management team is able to formulate and execute sound business strategies and lead our Group to develop successfully. For further details of the biographies and relevant experience of our management team, please refer to the section headed "Directors and senior management" in this prospectus.

BUSINESS STRATEGIES

Our goal is to achieve sustainable growth and further strengthen our overall competitiveness and business growth in the apparel SCM services industry. To achieve our goal, we plan to continue to leverage our competitive strengths and implement the following strategies:

Strengthening customer relationships and enhancing market presence by setting up representative offices in the U.S. and France

We believe that the key factor in maintaining sustainable growth of our business is to continuously seek opportunities with existing and potential customers internationally. The U.S. apparel market is our key market and had continuously contributed to the growth in our business during the Track Record Period as evidenced by the increase of approximately 6.5% in our revenue from approximately HK$69.0 million for the year ended 31 March 2016 to approximately HK$73.5 million for the year ended 31 March 2017. According to the Frost & Sullivan Report, it is estimated that the apparel retail market in the U.S. is estimated to grow at a CAGR of approximately 0.7% over the period from 2017 to 2021, reaching US$266.5 billion in 2021. The apparel market in France as well as other European countries have also contributed to the growth of our business during the Track Record Period as evidenced by the increase of approximately 138.2% in our revenue from approximately HK$11.0 million in aggregate for the year ended 31 March 2016 to approximately HK$26.2 million in aggregate for the year ended 31 March 2017. According to the Frost & Sullivan Report, it is estimated that the apparel retail market in France is estimated to grow at a CAGR of approximately 0.6% during the period from 2017 to 2021, reaching EUR35.3 billion by the end of 2021. We believe there is a potential for growth in business for our Group in the U.S. and European market.

The growth of our business in these markets is further demonstrated by the business from our new customers. During the Track Record Period, we had 13 new customers in the U.S., our sales to which during the same period amounted to approximately HK$25.9 million in total, and one new customer in France, our sales to which during the same period amounted to approximately HK$0.2 million in total. The majority of these new U.S. customers are companies or businesses which have been established for over eight years, mainly located in California and engaged in designing, manufacturing, wholesaling and/or retailing of apparel products and/or accessories. Most of them have established online stores where their branded apparel products and/or accessories are available to the public. According to Frost & Sullivan, the majority of their brands are well-known in the U.S..

We plan to strengthen our customer relationships and enhance our market presence in the U.S. and Europe, where our major customers are situate at, by setting up two representative offices, one in Los Angeles, the U.S. and one in Paris, France. The representative offices will serve the functions as (i) a showroom for us to display our latest product samples and fabric samples for customers' review; (ii) a venue to have face-to-face meeting with customers; and (iii) an office for our sales staff. We currently have one office in Hong Kong, which serves similar functions. We believe that setting up a representative office in the proximity of our major customers would allow us to visit them (and vice versa) more frequently and also enhance the efficiency of our communication which in turn facilitate our business. We consider Los Angeles to be a suitable location to set up our representative office in the U.S. since most of our major customers are located in the west coast of the U.S. We also consider Paris to be a suitable location to set up our representative office in Europe, due to its proximity to our customers in France, the United Kingdom and Netherlands, and its status being the capital of France and an international fashion hub. Moreover, our overseas sales team would be able to provide more timely response and support to our major customers without being affected by the time difference between Hong Kong and overseas.

We believe that it would also help demonstrate our product development capabilities to potential customers and enhance our corporate image in our major markets. In addition, we plan to arrange our sales executives to regularly visit and set up exhibition booths in trade shows and sourcing shows so as to introduce our products and services to the market, explore business opportunities and approach potential customers.

We plan to recruit approximately one manager, four sales executives and two supporting clerks for operating each of the representative offices. The staff in these representative offices will be responsible for the daily operation including visiting and participating trade shows and sourcing shows, approaching potential customers and liaising with existing customers.

Having considered the practice of market competitors, our Directors consider that setting up the representative offices in locations of our core markets will facilitate the sales and marketing work in the overseas markets in the absence of direct involvement by our management team members, thus enabling our management team members to better allocate their time to the overall management of our Group. As most of our customers are located overseas, in the absence of a physical representative office overseas, Mr. Leung has to spend a significant amount of time on frequently travelling abroad to meet with and present our latest product samples to new and existing customers and to attend fashion shows and trade shows. In addition, according to Frost & Sullivan, it is a common practice for apparel SCM services players to set up representative offices in target markets to better communicate with the demand side. Apparel SCM services providers could display their new product samples in the representative offices so that brand retailers could have a better understanding of their capability of product development via visual experience, which brings profitable advantages to these apparel SCM services providers. Further, as per the Frost & Sullivan Report, nowadays, the apparel industry cycle has been accelerated significantly. Consumers are expecting a shorter designing period and more collections for new seasonal trends. The Directors consider that setting a representative office in the U.S. and France will facilitate a better communication with our customers so as to keep pace with the changes in the market trends and understand their requirements and preferences, and in turn will enable our Group to translate the market trends in a timely manner and evolve our Group's product offerings.

As our business in the U.S. and European markets has been established and become stable, upon the establishment of the overseas representative offices, Mr. Leung plans to devote more of his time to develop our business with other customers in the near future to maintain our business growth. Furthermore, after the Listing, Mr. Leung expects to devote more of his time as chairman of the Board and focus on the overall management of our corporate strategies and other significantly important matters of our Group. Therefore, it is in the interest of our Group to establish overseas sales teams and set up the representative offices to handle the sales and marketing work in the U.S. and European markets in the long run.

After the Listing, we intend to apply approximately HK$19.6 million of the net proceeds from the Share Offer, (i) as to approximately HK$1.7 million to set up and lease a representative office of approximately 1,600 sq. ft. in the U.S.; (ii) as to approximately HK$7.1 million to recruit the necessary staff for our representative office in the U.S.; (iii) as to approximately HK$3.3 million to arrange our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.; (iv) as to approximately HK$1.0 million to set up and lease a representative office of approximately 1,700 sq. ft. in France; (v) as to approximately HK$4.2 million to recruit the necessary staff for our representative office in France; and (vi) as to approximately HK$2.2 million to arrange our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in Europe.

Establishing a quality control office in the PRC

We believe that product quality is the foundation for building trust and confidence of our customers and quality control is an important part of our services. As at the Latest Practicable Date, we had five quality control staff, who are responsible for conducting on-site inspection of our manufacturer suppliers and the manufacturers engaged by our trading company suppliers as well as inspection of our products in the PRC. They travel around different locations in the PRC where such suppliers are located at, such as Zhejiang Province (浙江省), Jiangsu Province (江蘇省), Anhui Province (安徽省) and Fujian Province (福建省), and usually visit the same production site multiple times a year to conduct the inspection work at various production stages and for different purchase orders. Taking into account the increasing amount of inspection work borne by our quality control team, as indicated by the increase in our total sales volume by approximately 27.5% from 722,493 units for the year ended 31 March 2016 to 921,075 units for the year ended 31 March 2017 and by approximately 6.4% from 517,081 units for the six months ended 30 September 2016 to 550,403 units for the six months ended 30 September 2017, we consider that more staff are required to handle the increasing workload and to implement our quality control measures effectively, so as to ensure our reputation as an apparel SCM service provider will not be damaged due to product quality issue.

Therefore, to cope with our growth while maintaining a consistently high standard of product quality, we plan to recruit one quality control supervisor and four additional quality control staff. They will be responsible for similar duties of our current quality control staff. We also plan to set up a quality control office in the city of Ningbo of Zhejiang Province, the PRC (中國浙江省寧波市), where the newly recruited quality control personnel will be stationed at. As mentioned above, currently, our quality control staff travel around different locations in the PRC to conduct inspection work and therefore are not provided with any office facility. In the absence of a physical office, our quality control staff usually handle their paper work either at our suppliers' production sites or at their own premises. They also usually use our suppliers' production sites as the communication addresses to pick up parcels that we send to them from time to time containing the final approved samples for inspecting the products manufactured by the relevant suppliers. Our Directors are of the view that the current arrangement is less than ideal in terms of convenience and work efficiency. The new quality control office will serve as a stable work place where our quality control staff are provided with office facility to facilitate their work, such as issuing inspection report, liaising with our Hong Kong office, and handling other administrative work. We believe this will increase their work efficiency and enhance our management of the quality control team. We consider the city of Ningbo to be a convenient location as it is relatively close to most of the production facilities of our key manufacturer suppliers and the manufacturers engaged by our key trading company suppliers.

We also plan to employ an additional six merchandisers, who will be responsible for monitoring the production progress and liaising with our sales team, our suppliers and our customers and will be stationed at the new quality control office. As at the Latest Practicable Date, our merchandising department consisted of 16 staff, all of whom were stationed in Hong Kong. Taking into account our business growth, the current workload of our merchandising staff, our strategy to diversify our list of approved suppliers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) and the expected increase in their workload consequent upon the establishment of our new representative offices, we consider it is necessary to recruit sufficient manpower so as to ensure that our customers' orders, requests and enquiries are processed in a timely manner, and that any other matters raised by our suppliers or customers are promptly responded to. According to Frost & Sullivan, the apparel industry cycle has been accelerated significantly. Apparel SCM services providers are under the pressure to produce new products within shorter lead time to cater to the rapidly changing consumer preferences. Therefore, the expansion of our merchandising team is crucial to strengthening our competitiveness and building our customers' confidence in our service quality, to which we attach great importance as an apparel SCM services provider.

After the Listing, we intend to apply approximately HK$4.5 million of the net proceeds from the Share Offer, (i) as to approximately HK$3.8 million to recruit quality control personnel and merchandisers and (ii) as to approximately HK$0.7 million to set up and lease a quality control office of approximately 1,500 sq. ft.

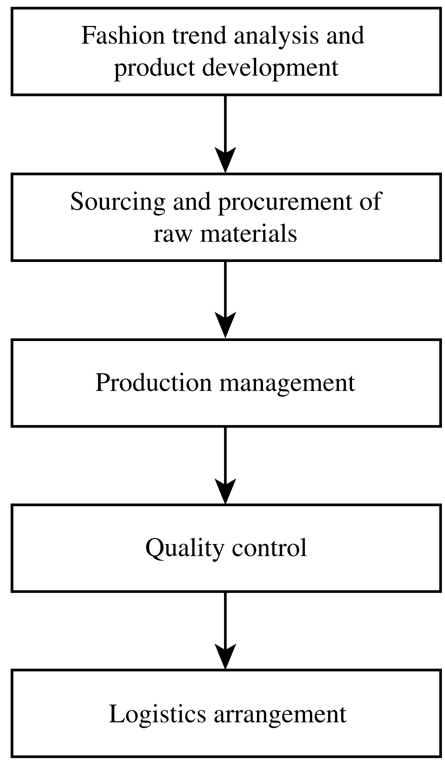
OUR BUSINESS MODEL

We are an apparel SCM services provider and our services range from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. During the Track Record Period, our key products included jackets, woven shirts, pullovers, pants and shorts, T-shirts, and other products such as vests and accessories, including socks and bags. During the Track Record Period, our products were sold to over 30 countries, and the U.S. and France were our two largest markets. Our products were also sold to other European countries such as Netherlands and the United Kingdom, as well as other locations such as Australia, Canada and Japan.

During the Track Record Period, our major customers were based predominately in the U.S. and Europe, and their products are marketed and sold under their own brands, such as Animal, Billabong, Element, Primitive, Ripple Junction, Roark Revival and X-Large. The product style and function of our key customers are generally casual lifestyle for the general consumers and outdoor performance for outdoor activities such as surfing and skiing.

We do not possess our own brands. All our products are manufactured in accordance with the specifications and requirements provided by our customers. We propose suggestions to our customers regarding design and specifications such as choice of raw materials, styling and pattern in order to meet our customers' brand requirements and budgets. Once the production details such as product specifications and production schedule are confirmed, we produce prototype samples and salesman samples for our customers' review. Once the bulk purchase orders are placed, we produce pre-production samples for our customers' final approval before mass production. We usually meet with our customers in advance of the start of each main fashion season (i.e. spring, summer, fall and holidays) to understand their plans and recommend to them new product specifications and fashion trends in preparation for their upcoming product collection.

The following flow chart sets out a typical flow of operations involved in the provision of our apparel SCM services:



Fashion trend analysis and product development

We conduct market research through fashion magazines, websites, and attend fashion trade shows to keep abreast of the latest fashion trends, styles and industry know-how as well as hold meetings with our customers to understand their requirements such as budgets and design preferences. We also conduct market researches on new fabrics with fabrics suppliers for style inspiration for the next fashion season.

In advance of the start of each main fashion season (i.e. spring, summer, fall and holidays), we discuss with our customers about their brand requirements, budgets and other preferences for their upcoming product collection. Our customers usually provide their initial designs to us by way of sketch drawings with some basic specifications. Capturing a thorough understanding of our customers' needs and based on the market trend, we provide modification suggestions as to design and specifications to our customers based on our skills and experience. Once a new product has been developed, we instruct our suppliers to produce prototype samples for fitting and salesman samples for customers' internal presentation. Based on the feedback from our customers, we may further modify the design and specifications in respect of style, fitting or raw materials to match their budget and preferences.

Once our customers approve the salesman samples after their internal presentation, our customers would finalise the details of the bulk purchase orders, including product specifications, quantity, price, payment terms and delivery arrangement and place the bulk purchase orders with us.

Sourcing and procurement of raw materials

Our manufacturer suppliers and trading company suppliers are generally responsible for sourcing and procuring the required raw materials for production in accordance with our customers' requirements. In certain circumstances, we may source and procure raw materials such as fabrics, buttons, zippers and labels on behalf of them either at the request of our customers to procure from their specified raw materials supplier, or at the request of our suppliers so as to facilitate their production process to be more efficient. Further details regarding our raw materials suppliers are set out in the paragraph below headed "Sourcing and suppliers" in this section.

Production management

During the Track Record Period, some of our products were manufactured by Jiangmen Majestic, which amounted to approximately 6.0% and 17.5% of our cost of sales for the year ended 31 March 2017 and the six months ended 30 September 2017, respectively. Other than such portion of products manufactured by Jiangmen Majestic, all of our products during the Track Record Period either were manufactured by our manufacturer suppliers or other manufacturers engaged by our trading company suppliers. As part of our apparel SCM services, we are responsible for the overall production management which includes, among other things, monitoring production schedule and evaluating the performance of our suppliers. After our customers confirm the bulk purchase orders, we place the production orders with our suppliers to manufacture the products based on the specifications and requirements provided by our customers. After the production orders have been confirmed with our suppliers, we instruct them to produce pre-production samples based on the specifications confirmed on the bulk purchase orders for our customers' final approval before mass production. We follow up with our suppliers and monitor the production schedule to ensure that they are able to meet the agreed delivery schedule.

During the Track Record Period, the lead time between the initial stage of the development of product and the placing of bulk purchase orders by our major customers ranged from approximately 100 days to 120 days, and the lead time between the placing of bulk purchase orders by our major customers and delivery ranged from approximately 90 days to 100 days. The actual lead time depends on a number of factors, such as the capacity of the manufacturers, the complexity of products and the delivery time required by our customers.

Quality control

We have established stringent quality control procedures throughout the total supply chain from the procurement of raw materials to the inspection of finished products so as to ensure the quality of the our products are of high standard consistently. We arrange outside testing and certification company to conduct chemical tests on the raw materials in accordance with our customers' requirements before they are used in production. We conduct a general assessment of potential suppliers before approving them as our suppliers, and we also assess the performance of our approved suppliers on an on-going basis. We monitor the performance of our manufacturer suppliers and the manufacturers engaged by our trading company suppliers at various stages of the production process for quality control purpose, including interim inspection on semi-finished products and final inspection on the finished products before delivery. For details, please refer to the paragraph headed "Quality control" below in this section.

Logistics arrangement

As part of our apparel SCM services, we are responsible for ensuring that appropriate logistics for the delivery of our products to the port specified by our customers are arranged either by us or by our suppliers, depending on the agreed delivery terms. After packing, we or our suppliers will generally arrange for the delivery of our products and we keep track of the delivery progress to ensure our products are delivered to our customers on time. Our products are usually delivered to our customers on FOB or DDP terms as stipulated in our customers' bulk purchase orders.

PRODUCTS

We provide various types of apparel products, which are manufactured according to our customers' specifications and requirements with modifications suggested by us and approved by our customers. The style and function of our major customers' products is generally casual lifestyle for the general consumers and outdoor performance for outdoor activities such as surfing and skiing. During the Track Record Period, our products mainly consisted of:

(i) jackets;

(ii) woven shirts;

(iii) pullovers;

(iv) pants and shorts;

(v) T-shirts; and

(vi) other products, including vests and accessories such as socks and bags.

The following table sets out a breakdown of our revenue during the Track Record Period by product types:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	38,008	40.4	50,864	43.8	36,075	51.1	45,503	65.2
Woven shirts	15,096	16.0	17,369	15.0	9,290	13.1	6,565	9.4
Pullovers	6,965	7.4	14,183	12.2	10,394	14.7	3,228	4.6
Pants and shorts	15,698	16.7	19,386	16.7	6,324	9.0	8,027	11.5
T-shirts	14,808	15.7	10,738	9.2	6,201	8.8	5,270	7.5
Other products *(Note)*	3,580	3.8	3,614	3.1	2,312	3.3	1,250	1.8
Total	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

Jacket

Our jacket products comprise windbreakers, lined jackets, poly filled jackets and down filled jackets. They come in different styles, including hooded and non-hooded, collared and non-collared, zip-up and button-up. The raw materials typically used for producing our jacket products include polyester, nylon, cotton, wool blend, and polyurethane.

Our jacket products are casual lifestyle and also suitable for outdoor activities all year round. They have different characteristics and functions to cater to our customers' needs. Some fabric materials are finished with special coating such as durable water repellent coating, which makes the finished product water-resistant. We also offer waterproof taped seam jackets with welded zipper pockets according to market trend and demand.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our jacket products amounted to approximately HK$38.0 million, HK$50.9 million and HK$45.5 million, representing approximately 40.4%, 43.8% and 65.2% of our total revenue, respectively.

Below are some examples of our jacket products:

Woven shirt

Our woven shirt products include woven shirts, and blouses. Our woven shirts come in a variety of styles, including long-sleeved, short-sleeved, with and without chest-pocket, plain and printed. Our blouses come in different styles, including long-sleeved, short-sleeved, v-neck, crew-neck, button-up and buttonless. The raw materials typically used for producing our woven shirt products include cotton, polyester blend and wool.

Our woven shirt products are largely casual style. Some come with custom-made print and contrast fabric according to our customers' requests. We also apply sustainable materials based on market trend and demand.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our woven shirt products amounted to approximately HK$15.1 million, HK$17.4 million and HK$6.6 million, representing approximately 16.0%, 15.0% and 9.4% of our total revenue, respectively.

Below are some examples of our woven shirt products:




Pullover

Our pullover products include pullovers and sweatshirts. Our pullovers are typically long-sleeved, crew-neck and without buttons or a zipper in front, which can be put on by pulling over the head. Our sweatshirts are typically long-sleeved, with an adjustable drawstring hood and without buttons or a zipper in front. The raw materials typically used for producing our pullover products include cotton, polyester, rayon and spandex.

Our pullover products are largely basic lifestyle. We apply different wash techniques and chemical treatment to create the worn look according to market trend. We also apply bonded fleece materials with durable water repellent coating for outdoor performance requirements. We use jacquard materials for printing custom-made patterns and logos according to our customers' requests.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our pullover products amounted to approximately HK$7.0 million, HK$14.2 million and HK$3.2 million, representing approximately 7.4%, 12.2% and 4.6% of our total revenue, respectively.

Below are some examples of our pullover products:

Pants and shorts

Our pants and shorts products include pants, shorts and board shorts. Our pants are typically plain and come in different cutting. Our shorts come in different styles, including plain, patterned, with belt loops and with drawstring waist. Our board shorts are designed for surfing and typically come with drawstring waist. The raw materials typically used for producing our pants and shorts products include polyester, cotton, poly blend, cotton blend and spandex.

Our pants and shorts products are largely casual style. We apply different wash techniques according to market trend. For our board shorts, we apply various techniques such as zipper welding, laser cutting and welded bar tack in developing a trendy look.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our pants and shorts products amounted to approximately HK$15.7 million, HK$19.4 million and HK$8.0 million, representing approximately 16.7%, 16.7% and 11.5% of our total revenue, respectively.

Below are some examples of our pants and shorts products:

T-shirt

Our T-shirt products include T-shirts and tank tops. Our T-shirts are typically crew-neck and come in long-sleeved or short-sleeved. Our tank tops are typically crew-neck and sleeveless. The raw materials typically used for producing our T-shirt products include polyester, cotton, tencel and viscose.

Our T-shirt products are divided into two categories, namely low-end and trendy style. Our low-end T-shirt products usually come with simple art print which can be manufactured at comparatively lower costs that meet our customers' budgets. Our trendy style T-shirt products are produced with more complicated materials and techniques. For example, we use jacquard materials to give them a special look and apply wash techniques according to the market trend.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our T-shirt products amounted to approximately HK$14.8 million, HK$10.7 million and HK$5.3 million, representing approximately 15.7%, 9.2% and 7.5% of our total revenue, respectively.

Below are some examples of our T-shirt products:

Other products

Our other products include, for example, vests and accessories such as socks and bags. Our vests are typically sleeveless, with buttons or a zipper in front. Our socks come in different colours and patterns. Our bags include backpacks and travel bags. The raw materials typically used for producing these products include polyester and cotton.

Our vests can be worn as an outerwear or as a mid-layer for additional thermal insulation against the cold weather. Our bags are typically made with heavier and tightly weaved materials for higher durability. Special trims are applied to achieve the design and style according to our customers' requirements and the market trend. Our socks and other accessories, can complement the outfit and express the wearer's personality and trendiness in addition to their basic functions.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, sales of our other products amounted to approximately HK$3.6 million, HK$3.6 million and HK$1.3 million, representing approximately 3.8%, 3.1% and 1.8% of our total revenue, respectively.

Below are some examples of our vests, socks and bags:

PROCUREMENT AND SUPPLIERS

Our suppliers

We have three types of suppliers, being (a) manufacturer suppliers located in the PRC which manufacture our products; (b) trading company suppliers which further engage manufacturers to manufacture our products; and (c) raw materials suppliers which supply raw materials required for the production of our products.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we had 249, 208 and 129 suppliers, of which 27, 19 and 20 were our manufacturer suppliers, 31, 20 and 14 were trading company suppliers, and 191, 169 and 95 were raw materials suppliers, respectively. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our purchases from our five largest suppliers accounted for approximately 46.4%, 44.9% and 64.4% of our total cost of sales, while our purchases from our largest supplier accounted for approximately 18.4%, 9.6% and 17.5% of our total cost of sales, respectively.

(a) Manufacturer suppliers

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our purchases from our manufacturer suppliers amounted to approximately HK$31.6 million, HK$36.7 million and HK$22.7 million, representing approximately 44.5%, 42.5% and 42.8% of our total cost of sales, respectively. During the Track Record Period, except for Jiangmen Majestic, all of our manufacturer suppliers were Independent Third Parties and located in the PRC.

Our manufacturer suppliers have their own production facilities. They are generally responsible for sourcing and procuring the required raw materials for production in accordance with our customers' requirements. In certain circumstances, we may source and procure raw materials such as fabrics, buttons, zippers and labels on behalf of them either at the request of our customers to procure from their specified raw materials suppliers, or at the request of our manufacturer suppliers so as to facilitate their production process to be more efficient. They are required not to retain any unused raw materials, surplus stock (including products in progress) and samples without our permission and not to manufacture any goods that will infringe the intellectual property rights of our customers. During the Track Record Period, we did not experience any material delay by our manufacturer suppliers in the delivery of the finished products which caused us to suffer any losses or claims.

(b) Trading company suppliers

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our purchases from our trading company suppliers amounted to approximately HK$37.3 million, HK$47.8 million and HK$29.8 million, representing approximately 52.5%, 55.3% and 56.2% of our total cost of sales, respectively. Our Directors confirmed that we come into contact with our trading company suppliers mainly through trade shows and referrals. To the best knowledge of our Directors, our trading company suppliers do not have their own production facilities and would further engage other manufacturers located in the PRC to manufacture our products. We believe that the advantages of this arrangement are (i) that these trading company suppliers have an established network of manufacturers which are able to manufacture a wide range of apparel products; and have the necessary licences to export goods out of the PRC whereas the manufacturers arranged by them may not have such licences; and (ii) that it is more administratively efficient for us to deal with one trading company instead of multiple manufacturers individually.

Like our manufacturer suppliers, our trading company suppliers and the manufacturers engaged by them are generally responsible for sourcing and procuring the required raw materials for production in accordance with our customers' requirements. In certain circumstances, we may procure raw materials such as fabrics, buttons, zippers and labels on behalf of them either at the request of our customers to procure from their specified raw materials suppliers, or at the request of our trading company suppliers so as to facilitate their production process to be more efficient. They are required not to retain any unused raw materials, surplus stock (including products in progress) and samples without our permission and not to manufacture any goods that will infringe the intellectual property rights of our customers.

During the Track Record Period, all of our trading company suppliers were Independent Third Parties and the majority of them were located in Hong Kong or the PRC and we did not experience any material delay by them in the delivery of the finished products which caused us to suffer any losses or claims.

(c) Raw materials suppliers

During the Track Record Period, we purchased raw materials such as fabrics, buttons, zippers and labels on behalf of our manufacturer suppliers and trading company suppliers either at the request of our customers to procure from their specified raw materials suppliers, or at the request of our manufacturer suppliers or trading company suppliers so as to facilitate their production process to be more efficient. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our purchases from raw materials suppliers amounted to approximately HK$5.8 million, HK$4.8 million and HK$1.7 million, respectively. Generally, we arrange delivery of the raw materials immediately upon purchase from our raw materials suppliers to our suppliers directly. As such, we do not keep raw materials inventory.

During the Track Record Period, all of our raw materials suppliers were Independent Third Parties and the majority of them were located in Hong Kong and we did not encounter any material shortage in the supply of the required raw materials from them.

Set out below is a breakdown of our cost of sales by our five largest suppliers during the Track Record Period:

For the year ended 31 March 2016:

Rank	Supplier	Purchase	As % of total cost of sales
		HK$'000	*%*
1	Supplier A	13,034	18.4
2	Supplier B	6,674	9.4
3	Supplier C	4,414	6.2
4	Supplier D	4,392	6.2
5	Supplier E	4,374	6.2
	Five largest suppliers combined	32,888	46.4
	All other suppliers	38,065	53.6
	Total cost of sales	70,953	100.0

For the year ended 31 March 2017:

Rank	Supplier	Purchase	As % of total cost of sales
		HK$'000	*%*
1	Supplier F	8,296	9.6
2	Supplier C	8,049	9.3
3	Supplier A	7,868	9.1
4	Supplier G	7,784	9.0
5	Supplier H	6,845	7.9
	Five largest suppliers combined	38,842	44.9
	All other suppliers	47,602	55.1
	Total cost of sales	86,444	100.0

For the six months ended 30 September 2017:

Rank	Supplier	Purchase	As % of total cost of sales
		HK$'000	*%*
1	Jiangmen Majestic	9,278	17.5
2	Supplier F	8,724	16.5
3	Supplier I	6,376	12.0
4	Supplier C	5,899	11.1
5	Supplier G	3,847	7.3
	Five largest suppliers combined	34,124	64.4
	All other suppliers	18,867	35.6
	Total cost of sales	52,991	100.0

The table below sets forth the background information of our five largest suppliers mentioned in the above table:

Supplier	Type of supplier	Principal products supplied to us	Principal place of business	Years of relationship with our Group	Usual credit terms and payment method
Supplier A *(Note 1)*	Manufacturer	Jackets	PRC	6	30 days credit terms, paid by cheque
Supplier B *(Note 2)*	Trading company	Woven shirts and T-shirts	Hong Kong	4	No credit terms, paid by wire transfer
Supplier C *(Note 3)*	Trading company	Woven shirts and T-shirts	PRC	4	No credit terms, paid by wire transfer
Supplier D *(Note 4)*	Trading company	Jackets, T-shirts, pants and pullovers	PRC	3	No credit terms, paid by wire transfer
Supplier E *(Note 5)*	Trading company	Jackets and woven shirts	PRC	4	No credit terms, paid by wire transfer
Supplier F *(Note 6)*	Manufacturer	Jackets	PRC	2	No credit terms, paid by wire transfer

Supplier	Type of supplier	Principal products supplied to us	Principal place of business	Years of relationship with our Group	Usual credit terms and payment method
Supplier G *(Note 7)*	Trading company	Jackets and pants	PRC	2	14 days credit terms, paid by wire transfer
Supplier H *(Note 8)*	Trading company	Woven shirts	Hong Kong	3	30 days credit terms, paid by cheque
Supplier I *(Note 9)*	Trading company	Jackets	Hong Kong	less than 1	30 days credit terms, paid by cheque
Jiangmen Majestic	Manufacturer	Jackets	PRC	1	30 days credit terms, paid by cheque

Notes:

1. Supplier A is a sole proprietorship established in the PRC in 2008. Its principal business is manufacturing of men's clothing.

2. Supplier B is company established in 1992 in Hong Kong. Its principal business is wholesale of garment.

3. Supplier C is a company established in 2013 in the United Kingdom and its principal place of business is situated in the PRC. Its principal business is trading of apparel products.

4. Supplier D is a company established in the PRC in 2010. Its principal business is trading of apparel products.

5. Supplier E is a company established in the PRC in 2013. Its principal business is trading of apparel products.

6. Supplier F is a company established in the PRC in 1997. Its principal business is manufacturing of apparel products.

7. Supplier G is a company established in the PRC in 2003. Its principal business is trading of apparel products.

8. Supplier H is a sole proprietorship established in Hong Kong in 2014. Its principal business is trading of apparel products.

9. Supplier I is a company established in Hong Kong in 2010. Its principal business is printing and trading of apparel products.

Three out of our five largest suppliers for the year ended 31 March 2016 ceased to be our top five largest suppliers in the following year. This fluctuation of suppliers was mainly due to the fact that there was a large pool of alternative suppliers on the market from whom we could source apparel products at a more competitive price that would meet our customers' budgets. According to Frost & Sullivan, apparel manufacturers with production facilities towards north of the PRC along coastal areas enjoy cost advantage in terms of both labour cost and factory rental cost, which take up a significant proportion of their overall apparel manufacturing cost. Three out of our top five largest suppliers for the year ended 31 March 2017 were located in coastal areas near north of the PRC, including Zhejiang Province (浙江省) and Jiangsu Province (江蘇省).

During the Track Record Period, some of our products were manufactured by Jiangmen Majestic, which amounted to approximately HK$5.2 million or approximately 6.0% of our cost of sales for the year ended 31 March 2017 and approximately HK$9.3 million or approximately 17.5% of our total cost of sales for the six months ended 30 September 2017. For details of Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" in this prospectus.

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, except for Jiangmen Majestic, all of our five largest suppliers during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates, or any Shareholders (which to the knowledge of our Directors owns more than 5.0% of our Company's issued share capital upon completion of the Share Offer) had any interest (direct or indirect) in any of our five largest suppliers during the Track Record Period.

Criteria for selection of suppliers

We conduct a general assessment of potential manufacturer suppliers and trading company suppliers before approving them as our suppliers. We consider a number of factors, such as product range, capacity, pricing, credit term, product quality, timely delivery, compliance with labour laws, financial status and reliability of their management. We review their company profile, product catalogue and product samples and conduct an interview with them. Our quality control staff also conduct on-site inspection of our manufacturer suppliers as well as the manufacturers engaged by our trading company suppliers and review their qualifications including their factory audit reports so as to ensure that their production facilities can meet our customers' requirements such as product safety, work safety and corporate social responsibility. Only those suppliers that can meet our criteria will be approved by us, and we also assess the performance of our approved suppliers on an on-going basis.

When requested by our manufacturer suppliers or trading company suppliers to source raw materials on behalf of them, we would select raw materials suppliers based on factors such as product range, pricing, product quality and timely delivery.

We do not rely on a single source of supply for any of our raw materials or manufacturing services. We consider that all the principal raw materials or services required by us can be purchased from a number of alternative suppliers at terms comparable to those of our current suppliers.

Salient terms of a typical purchase transaction

We do not enter into any long-term supply agreement with our suppliers. Instead, we place purchase and/or production orders with our suppliers after our customers' purchase orders are confirmed. Set out below are the salient terms of our typical purchase transaction:

(i)	***Description:***	For raw materials, there is a description of the raw materials; and for finished products, there is a description of the product, style, raw materials to be used, colour and size.
(ii)	***Order details:***	For raw materials, the quantity for each type of raw materials; and for finished products, the quantity for each colour and/or size. The unit price and the total amount are also specified.
(iii)	***Payment terms:***	We are generally required to pay 20.0% to 30.0% deposit to our major suppliers. We generally enjoy no credit terms or a credit period of up to 30 days. We usually settle the payment either by wire transfer or cheque in USD or HKD.
(iv)	***Delivery details:***	For the purchase of raw materials, we usually require our suppliers to deliver the goods to the relevant production facilities. For the purchase of finished products, we generally require our suppliers to deliver the goods to the destinations specified by our customers.
(v)	***Other terms:***	If the products are not delivered on the agreed date, or if their colour or quality is not as agreed, we reserve the right to cancel the order and claim compensation from our suppliers. Our suppliers are required not to retain any unused raw materials, surplus stock (including products in progress) and samples without our permission and not to manufacture any goods which will infringe the intellectual property rights of our customers.

Inventory Control

We generally do not maintain any inventory as all of our products are manufactured on a made-to-order basis in accordance with our customers' specifications and requirements based on their confirmed purchase orders and are mostly delivered directly from our suppliers to our customers. During the Track Record Period, our inventories represented the goods in transit for our customers. We keep track of the progress of delivery until our products are delivered to our customers.

SALES AND MARKETING

During the Track Record Period, our products were sold to over 30 countries, and the majority of them were sold to the U.S. and France. Our products were also sold to other European countries such as Netherlands and the United Kingdom, as well as other locations such as Australia, Canada and Japan. The following table sets out a breakdown of our revenue by geographical segments (according to the locations where our products were shipped to) during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
U.S.	69,011	73.2	73,502	63.3	40,589	57.5	35,560	50.9
France	8,165	8.7	20,909	18.0	16,541	23.4	16,162	23.1
Other European countries *(Note 1)*	2,795	3.0	5,312	4.6	3,630	5.1	3,392	4.9
Australia	4,267	4.5	3,543	3.0	1,732	2.5	6,358	9.1
Canada	5,058	5.4	3,630	3.1	2,708	3.8	729	1.0
Japan	3,022	3.2	3,921	3.4	2,676	3.8	1,866	2.7
Other locations *(Note 2)*	1,837	2.0	5,337	4.6	2,720	3.9	5,776	8.3
	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Notes:

1. Other European countries include, for example, Netherlands and the United Kingdom.

2. Other locations include, for example, Hong Kong, Tahiti, Israel, South Korea and Argentina.

Our revenue increased by approximately 23.4% from approximately HK$94.2 million for the year ended 31 March 2016 to approximately HK$116.2 million for the year ended 31 March 2017, mainly attributable to the combined factors of the U.S. and French markets. Revenue generated from the U.S. increased by approximately 6.5% from approximately HK$69.0 million for the year ended 31 March 2016 to approximately HK$73.5 million for the year ended 31 March 2017, mainly due to (i) the increase in sales volume of pullovers from existing customers; and (ii) the increase in sales volume of pants and shorts from existing customers. Revenue generated from France increased by approximately 154.9% from approximately HK$ 8.2 million for the year ended 31 March 2016 to approximately HK$20.9 million for the year ended 31 March 2017, mainly due to (i) the increase in sales volume of jackets from existing customers; and (ii) the increase in sales volume of pants and shorts from existing customers.

Our revenue decreased by approximately 1.1% from approximately HK$70.6 million for the six months ended 30 September 2016 to approximately HK$69.8 million for the six months ended 30 September 2017, mainly attributable to the decrease in the average selling price from HK$136.5 per unit for the six months ended 30 September 2016 to approximately HK$126.9 per unit for the six months ended 30 September 2017 notwithstanding the increase in total sales volume from 517,081 units to 550,403 units.

For details, please refer to the paragraph headed "Comparison of results of operations" under the section headed "Financial information" in this prospectus.

Sales volume

Set out below is a breakdown of sales volume for each product type during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Unit sold	*%*	*Unit sold*	*%*	*Unit sold* (unaudited)	*%*	*Unit sold*	*%*
Jackets	195,627	27.1	301,790	32.8	209,511	40.5	266,050	48.3
Woven shirts	108,207	15.0	127,747	13.9	66,680	12.9	48,384	8.8
Pullovers	55,885	7.7	127,438	13.8	89,118	17.3	31,202	5.7
Pants and shorts	130,796	18.1	174,890	19.0	49,258	9.5	76,220	13.9
T-shirts	206,275	28.6	169,145	18.3	89,448	17.3	117,534	21.3
Other products *(Note)*	25,703	3.5	20,065	2.2	13,066	2.5	11,013	2.0
Total	722,493	100.0	921,075	100.0	517,081	100.0	550,403	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

Our total sales volume increased from 722,493 units for the year ended 31 March 2016 to 921,075 units for the year ended 31 March 2017. The sales volume of jackets, woven shirts, pullovers, pants and shorts increased in this period, mainly attributable to the increase in sales volume to certain customers. The sales volume of T-shirts decreased in this period, mainly attributable to the loss of or decrease in sales volume to certain customers.

Our total sales volume increased from 517,081 units for the six months ended 30 September 2016 to 550,403 units for the six months ended 30 September 2017. The sales volume of jackets, pants, shorts and T-shirts increased in this period, mainly attributable to the increase in sales volume to certain customers. The sales volume of woven shirts and pullovers decreased in this period, mainly attributable to the loss of or decrease in sales volume to certain customers.

For details, please refer to the paragraph headed "Sales volume by product types" under the section headed "Financial information" in this prospectus.

Price range and average selling price

Set out below are the price range of our products for each product type during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*
	HK$	*HK$*	*HK$*	*HK$*	*HK$* (unaudited)	*HK$* (unaudited)	*HK$*	*HK$*
Jackets	84.3-1,428.8	194.3	66.4-1,282.0	168.5	84.3-722.2	172.2	49.7-815.3	171.0
Woven shirts	87.7-524.1	139.5	73.8-543.6	136.0	73.8-426.3	139.3	59.4-485.3	135.7
Pullovers	69.9-439.7	124.6	66.0-698.9	111.3	69.9-698.9	116.6	76.9-458.1	103.5
Pants and shorts	42.3-698.9	120.0	57.1-427.1	110.8	57.1-419.3	128.4	46.6-437.9	105.3
T-shirts	33.8-427.1	71.8	32.0-427.1	63.5	37.7-384.4	69.3	24.5-323.8	44.8
Other products *(Note 2)*	5.0-482.2	139.3	21.7-776.5	180.1	21.7-582.4	176.9	23.9-500.8	113.5
Overall		130.3		126.1		136.5		126.9

Notes:

1. The average selling price represents the revenue for the year/period divided by the total volume for that year/period.

2. Other products include, for example, vests and accessories such as socks and bags.

The selling price of each of the product types depends primarily on, among other things, overhead expenses, purchase cost, as well as our expected profit margin. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers.

The average selling price per unit of our key products, including jackets, woven shirts, pullovers, pants, shorts and T-shirts, decreased in the year ended 31 March 2017. Such decrease was mainly attributable to (i) the increase in sales of products with lower selling price; (ii) price adjustment in light of increase in sales volume to certain customers; and/or (iii) price adjustment to maintain competitiveness due to intense competition from competitors engaging South and Southeast Asian manufacturers at lower costs.

The average selling price per unit of our key products, including jackets, woven shirts, pullovers, pants, shorts and T-shirts, decreased in the six months ended 30 September 2017, compared with the same in the six months ended 30 September 2016. Such decrease was mainly attributable to (i) the increase in sales of products with lower selling price; (ii) price adjustment in light of increase in sales volume to certain customers; and/or (iii) price adjustment to maintain competitiveness due to intense competition from competitors engaging South and Southeast Asian manufacturers at lower costs.

For details, please refer to the paragraph headed "Average selling price" under the section headed "Financial information" in this prospectus.

The following table sets out the average selling price and production cost of our regular products and product samples during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Average selling price *(Note 1)* *HK$*	Average production cost *(Note 2)* *HK$*	Average selling price *(Note 1)* *HK$*	Average production cost *(Note 2)* *HK$*	Average selling price *(Note 1)* *HK$* (unaudited)	Average production cost *(Note 2)* *HK$* (unaudited)	Average selling price *(Note 1)* *HK$*	Average production cost *(Note 2)* *HK$*
Regular products *(Note 3)*	122.9	95.6	120.3	91.1	132.0	98.3	123.8	94.4
Product samples *(Note 4)*	299.2	157.9	297.4	173.6	275.7	147.2	241.5	166.3

Notes:

1. The average selling price represents the revenue for the year/period divided by the total volume for that year/period.

2. The average production cost represents the cost of sale for the year/period divided by the total volume for that year/period.

3. Regular products refer to products that are sold under bulk purchase orders.

4. Product samples are usually produced at comparatively lower volume prior to the stage of mass production. For the year ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we sold approximately 30,386 units, 30,459 units and 14,302 units of product samples, which contributed revenue of approximately HK$9.1 million, HK$9.1 million and HK$3.5 million, representing approximately 9.7%, 7.8% and 4.9% of our total revenue.

Gross profit margin

Set out below are the gross profit margin for each product type during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	%	%	%	%
			(unaudited)	
Jackets	23.3	24.5	25.6	21.2
Woven shirts	25.6	22.9	24.1	23.9
Pullover	24.3	24.6	25.6	28.5
Pants and shorts	24.3	29.1	33.2	34.3
T-shirts	27.5	29.5	35.8	31.9
Other products *(Note)*	25.4	27.1	21.3	23.3
Overall	24.6	25.6	26.9	24.1

Note: Other products include, for example, vests and accessories such as socks and bags.

Our overall gross profit margin increased from 24.6% for the year ended 31 March 2016 to 25.6% for the year ended 31 March 2017. The gross profit margin of jackets, pants, shorts and T-shirts increased in the year ended 31 March 2017, mainly attributable to (i) the increase in revenue of these products; (ii) the cost reduction resulted from the increase in purchase volume, which led to decrease in unit purchase cost; and/or (iii) the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province) to accommodate the rising purchase cost due to rising labour costs. The gross profit margin of woven shirts decreased in the year ended 31 March 2017, mainly attributable to (i) price adjustment to maintain competitiveness; and (ii) the fact that the average purchase cost remained relatively stable. The gross profit margin of pullovers remained stable in the year ended 31 March 2017.

Our overall gross profit margin decreased from 26.9% for the six months ended 30 September 2016 to 24.1% for the six months ended 30 September 2017. The gross profit margin of jackets and T-shirts decreased in this period, mainly attributable to the decrease in average selling price of these products due to (i) the increase in sales of products with lower selling price; and/or (ii) price adjustment in light of increase in sales volume to certain customers. The gross profit margin of woven shirts in this period remained stable. The gross profit margin of pullovers, pants and shorts increased in this period, mainly attributable to (i) the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC; and/or (ii) increase in revenue of these products.

For details, please refer to the paragraph headed "Comparison of results of operations" under the section headed "Financial information" in this prospectus.

Our customers

Our customers are mainly apparel retail brand customers. To the best knowledge of our Directors, these apparel retail brand customers generally sell the products that we produce for them to end users under their own brands either via retailing or via other sales channels. After our products are sold to our customers, we are not be involved in, nor do we have any policy to monitor, any further sales and marketing of them to the end users.

Sales to our five largest customers accounted for approximately 61.8%, 65.2% and 62.4% of our total revenue, while sales to our largest customer accounted for approximately 20.0%, 24.2% and 37.3% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, we were the authorised suppliers of GSM and Customer F to supply their branded apparel products, respectively. For details, please refer to the paragraph headed "Salient terms as the authorised suppliers of GSM and Customer F and details of the sales transaction with them" below in this section.

For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we sold our products to 50, 37 and 36 customers. Among these customers, eight, five and nine were new customers and 42, 32 and 27 were repeated customers, respectively. The main reasons for the fluctuation of customers are set out as follows:

- For the year ended 31 March 2016, among the 50 customers, nine customers only purchased product samples from us on a one-off basis. The amount of sales to these customers during the same period were approximately HK$235,000 in total, representing approximately 0.2% of our revenue. Considering that (i) these customers only purchased product samples from us on a one-off basis and were not our key type of customers and (ii) the amount of sales to them accounted for a relatively small portion of our revenue, our Directors are of the view that the fluctuation of these customers did not have any material impact on our business or financial position.

- Further, for the year ended 31 March 2017 and the six months ended 30 September 2017, we ceased selling products to three and two customers, respectively, having considered whether they had been punctual in settling our outstanding trade receivables, their financial status and their ability to settle our invoices in the future.

Notwithstanding we experienced fluctuations in the number of our customers during the Track Record Period, our revenue increased by approximately 23.4% from approximately HK$94.2 million for the year ended 31 March 2016 to approximately HK$116.2 million for the year ended 31 March 2017 and remained relatively stable in the six months ended 30 September 2017. Further, our total sales volume increased from 722,493 units for the year ended 31 March 2016 to 921,075 units for the year ended 31 March 2017, and also increased from 517,081 units for the six months ended 30 September 2016 to 550,403 units for the six months ended 30 September 2017. For details, please refer to the paragraph headed "Comparison of results of operations" under the section headed "Financial information" in this prospectus.

Set out below are some of the key brands of our customers:

Set out below is a breakdown of our revenue by our five largest customers during the Track Record Period:

For the year ended 31 March 2016:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	18,816	20.0
2	GSM	13,758	14.6
3	Customer C	9,744	10.3
4	Sequel LLC	9,236	9.8
5	Customer E	6,685	7.1
	Five largest customers combined	58,239	61.8
	All other customers	35,916	38.2
	Total revenue	94,155	100.0

For the year ended 31 March 2017:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	GSM	28,155	24.2
2	Customer A	18,940	16.3
3	Customer C	13,235	11.4
4	Customer F	7,830	6.7
5	Sequel LLC	7,611	6.6
	Five largest customers combined	75,771	65.2
	All other customers	40,383	34.8
	Total revenue	116,154	100.0

For the six months ended 30 September 2017:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	GSM	26,044	37.3
2	Customer A	7,005	10.0
3	Customer F	4,105	5.9
4	Ripple Junction	3,234	4.6
5	Sequel LLC	3,183	4.6
	Five largest customers combined	43,571	62.4
	All other customers	26,272	37.6
	Total revenue	69,843	100.0

Set out below is the background information of our five largest customers during the Track Record Period:

Customer	Principal business activities	Principal place(s) of business	Years of relationship with us	Usual credit terms and payment method
Customer A *(Note 1)*	Manufacturing and marketing apparel, footwear, and skateboarding goods	U.S.	3	30 days credit terms, paid by wire transfer
GSM *(Note 2)*	Wholesaling and retailing of surf, skate, snow and sports apparel, accessories and hardware	France, U.S., Australia and Japan	7 *(Note 8)*	60 days credit terms, paid by wire transfer
Customer C *(Note 3)*	Sales of apparel and accessories	U.S.	3	30 days credit terms, paid by wire transfer
Sequel LLC *(Note 4)*	Designing and online retailing of clothing and accessories	U.S.	5	40 days credit terms, paid by wire transfer

Customer	Principal business activities	Principal place(s) of business	Years of relationship with us	Usual credit terms and payment method
Customer E *(Note 5)*	Manufacturing of energy drinks	U.S.	6	No credit terms, paid by wire transfer *(Note 9)*
Customer F *(Note 6)*	Wholesaling, distribution, designing and retailing of clothing and accessories	U.S.	7	No credit terms, paid by wire transfer *(Note 9)*
Ripple Junction Design Co. *(Note 7)*	Designing and manufacturing apparel and accessories	U.S.	1	No credit terms, paid by wire transfer *(Note 9)*

Notes:

1. Customer A is a company established in Delaware, the U.S. in 2014. It has approximately 150 employees with operations in Los Angeles, New York, Tokyo, Osaka and Nagoya. Its headquarter in the U.S. occupies approximately 60,000 sq. ft. and its products are available in the U.S. and Japan.

2. GSM refers to (i) GSM (Europe) Pty Ltd, (ii) Burleigh Point, Ltd, (iii) GSM (Operations) Pty Ltd, (iv) GSM Rocket Australia Pty Ltd,, (v) BBG Asia Pty Ltd (formerly known as GSM (Central Sourcing) Pty Ltd) and (vi) GSM Japan Co Ltd, collectively, the holding company of all of which is listed on the Australian Securities Exchange. Founded in 1973, their group reported total revenue of approximately AUD1.0 billion and a loss of approximately AUD77.1 million for the financial year ended 30 June 2017. According to the annual report of their holding company for the financial year ended 30 June 2017, their group has more than 4,000 staff worldwide and their products are available across 100 countries. Their group owns, among others, the apparel brands Billabong and Element.

3. Customer C is a company established in Delaware, the U.S. in 2009. It has approximately 45 employees with operations in Philadelphia and New York. Its products are available in more than 400 outlets in the U.S.

4. Sequel LLC is a company established in California, the U.S. in 2009. It has approximately 10 full-time employees and over 40 contractors and partners with operation in California. It recorded net sales of approximately USD4.0 million and USD4.5 million for its financial year 2016 and 2017 respectively. It owns the apparel brand Roark Revival.

5. Customer E is a company established in Delaware, the U.S. in 1992. Its holding company is listed on the NASDAQ and reported net sales of approximately USD3.0 billion and net income of approximately USD0.7 billion for the financial year ended 31 December 2016. Their group has approximately 1,910 full-time employees and their products are sold to over 120 countries and territories around the world. To the best of our Directors' belief and knowledge having made all reasonable enquiries, Customer E procured our Group's products for its internal use, promotion events and marketing purposes.

6. Customer F is a company established in California, the U.S. in 1985. It has approximately 110 employees with principal place of operation in California. It operates retail stores in approximately 15 cities around the world.

7. Ripple Junction Design Co. is a corporation established in Ohio, the U.S. in 1991. It has approximately 60 employees with principal place of operation in Ohio. Its products are available in mass retailers in the U.S. as well as online platforms. It owns the apparel brand Ripple Junction.

8. We maintained at least seven years of relationship with GSM's branches in the U.S. and Australia, at least five years of relationship with its branch in France and at least six years of relationship with its branch in Japan.

9. Customers with no credit terms are normally required to settle payment in full upon delivery of goods.

All of our five largest customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their close associates, or any Shareholders (which to the knowledge of our Directors owns more than 5.0% of the Company's issued share capital upon completion of the Share Offer) had any interest (direct or indirect) in any of our five largest customers during the Track Record Period.

Salient terms of a typical sales transaction

We do not enter into long-term agreement with our customers and we believe that this is in line with the common practice in the apparel SCM industry. In a typical sales transaction, our customers will place a purchase order with us, and we will confirm the purchase by issuing a pro-forma invoice in return. Set out below are the salient terms of our typical sales transaction:

(i)	***Product description:***	A brief description of the products, including the product designs and specification, raw materials to be used, colour and size, is specified.
(ii)	***Order details:***	The quantity for each colour and/or size, the unit price and the total amount are specified.
(iii)	***Payment terms:***	Depending on years of business relationship, reputation and payment history of the customer, we generally grant no credit terms or a credit period of up to 60 days to our major customers and require no deposit or up to 50.0% deposit from them. Customers with no credit terms are normally required to settle payment in full upon delivery of goods. We normally require our customers to settle our account receivables by wire transfer in USD. During the Track Record Period, we offered credit terms of up to 60 days to two customers only, namely GSM and Primitive Shoes Inc.. For the year ended 31 March 2016 and 2017 and the six months ended 30 September 2017, 22, 17 and 15 customers were required to settle payment in full on or about delivery of goods.

For the year ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our revenue attributable to customers with credit terms was approximately HK$75.6 million, HK$96.5 million and HK$47.8 million, representing approximately 80.2%, 83.1% and 68.4% of our total revenue, respectively. For the same period, our revenue attributable to customers with no credit terms was approximately HK$18.5 million, HK$19.6 million and HK$22.0 million, representing approximately 19.8%, 16.9% and 31.6% of our total revenue, respectively.

(iv) Delivery details: The estimated delivery time is specified. The usual delivery terms are FOB or DDP.

Salient terms of GSM and Customer F and details of the sales transaction with them

During the Track Record Period and up to the Latest Practicable Date, we were the authorised suppliers of GSM and Customer F. Set out below are the salient terms under such arrangements.

(i) Packaging requirements: We are required to follow certain packaging requirements, such as properly labelling and packing cartons, ensuring that the cartons do not weigh over the specified limit, etc.

(ii) Delivery arrangements: Shipment must be made in the quantity as ordered subject to the allowed range of short-shipment or over-shipment, with proper documentation and in accordance with the agreed delivery date. Late delivery may result in penalties, such as deduction to payment or cancellation of order.

(iii) Quality control: Our products have to pass the standards of quality control inspection set out by GSM and Customer F respectively and we are required to submit quality control documents to them. Our products are also required to be compliant with their respective policies as to certain restricted substances.

During the Track Record Period, we mainly sold jackets, pullovers, pants and T-shirts to GSM and the products were mainly delivered to the U.S., France, Canada, Australia and Japan. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we sold 78,547, 192,728 and 177,680 units of products to GSM, at the gross profit margin of 18.9%, 21.7% and 16.1%, respectively. Such sales were in the amount of approximately HK$13.8 million, HK$28.2 million and HK$26.0 million, representing approximately 14.6%, 24.2% and 37.3% of our revenue during the same period, respectively.

During the Track Record Period, we mainly sold jackets, woven shirts, pants and T-shirts to Customer F and the products were mainly delivered to the U.S., Netherlands, Australia, Japan and Hong Kong. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we sold 16,435, 46,482 and 24,823 units of products to Customer F, at the gross profit margin of 26.4%, 27.2% and 32.7%, respectively. Such sales were in the amount of approximately HK$3.1 million, HK$7.8 million and HK$4.1 million, representing approximately 3.3%, 6.7% and 6.8% of our revenue during the same period, respectively.

Pricing strategies

We usually adopt a cost-plus pricing strategy and our prices are generally quoted in USD. In determining the prices of our products, we generally consider factors such as overhead expenses, purchase cost as well as our expected profit margin. In view of different budgets of different customers, we will usually provide recommendations on product specifications such as choice of raw materials, styling and pattern so as to keep our prices within our customers' budgets.

Please refer to the paragraph headed "Average selling price and gross profit margin" under the subsection headed "Products" of this section for the average selling prices of our products during the Track Record Period.

Seasonality

The apparel market exhibits seasonality and is subject to dynamic changes in trends and consumers' preferences. We generally record higher sales from around May to August due to higher demand for fall and holiday seasons from our U.S. customers, and from December to January due to higher demand for spring season from our U.S. customers. The sales generated in these months in aggregate accounted for approximately 64.9%, 70.5% and 73.0% of our total revenue for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively.

Marketing and promotion

We adopt a number of measures to source new customers. To achieve a diversified geographical coverage and customer base, we regularly attend fashion shows and trade shows both locally and overseas to promote our products and services and identify potential customers. We also approach potential customers for business opportunities by contacting them through our business network and through business referrals that we receive from time to time from our customers as well as sales agents. We have not entered into any agreement with any sales agents and we paid commission to them for business referrals on a case-by-case basis. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our commission paid to sales agents for referral of customers were approximately HK$55,000, HK$14,000 and nil, respectively. For details, please refer to the paragraph headed "Selling and distribution expenses" under the section headed "Financial information" in this prospectus. Our Directors confirm that all of the sales agents during the Track Record Period were Independent Third Parties.

Our marketing activities also include paying visit to potential and existing customers as well as inviting them to our showroom in Hong Kong to present to them our new product samples. By displaying our new product samples in our showroom, we can effectively demonstrate our capability of production development via visual experience. During the meetings, we discuss about their needs and the market trends and share with them the latest production know-how. Our strategy is to enhance mutual understanding with our customers regarding the products and services they require and our ability to meet their requirements, thereby generating maintaining ongoing business with existing customers and generating sales from new customers.

We also plan to strengthen our marketing efforts by setting up representative offices with showrooms in the U.S. and France, which are our two largest markets. For details, please refer to the paragraph headed "Business strategies" above in this section.

QUALITY CONTROL

We place great emphasis on the quality of our products and we believe that our commitment to maintaining high standard of quality control is one of the key factors contributing to our success. We have established stringent quality control procedures throughout the total supply chain from the procurement of raw materials to the packaging of finished products so as to ensure the quality of the our products are consistently of high standard. As at the Latest Practicable Date, we had five staff at our quality control department, who possessed approximately two to ten years of relevant industry experience.

Quality control of raw materials

To ensure that the finished products meet the standard and specifications as required by our customers, we require our suppliers to use raw materials in accordance with our customer's requirements. Where we are requested to purchase raw materials on behalf of our suppliers, we would source from the same raw materials suppliers which have supplied us with the raw materials samples that are recommended to and selected by our customers at the production development stage, so as to ensure the raw materials for production are up to our quality standard and meet our customers' expectation. We arrange outside testing and certification company to conduct chemical tests on the raw materials in accordance with our customers' requirements before they are used in production.

Quality control of products

We conduct a general assessment of potential manufacturer suppliers and trading company suppliers before approving them as our suppliers, and we also assess the performance of our approved suppliers on an on-going basis. Our quality control staff conduct on-site inspection of our manufacturer suppliers and the manufacturers engaged by our trading company suppliers and review their qualification including their factory audit reports so as to ensure that their production facilities can meet our customers' requirements such as product safety, work safety and corporate social responsibility.

We have internal guidelines and policies governing our procedures in inspecting our products. Our quality control staff conduct an interim and a final inspection of our products in accordance with our internal guidelines as well as the requirements of our customers and issue a report of the inspection results for management's review. Should we find certain finished products not meeting the required standard, we would require the relevant manufacturer to fix the issues and our quality control staff will monitor the process until the relevant products meet the standards and requirements. Before delivery, samples of our products will be sent to customers' approval to ensure they are satisfied with the product quality.

We consider that our capability in quality control is evidenced by the fact that we had not experienced any significant product return, redelivery or material quality disputes with our customers during the Track Record Period. We believe that our commitment to high quality and reliability strengthens the recognition and trust among our customers which would in turn result in increased sales of our Group.

PRODUCT RETURN AND WARRANTY

Under our quality control system, our finished products are subject to sample inspection by our quality control staff to ensure the finished products comply with our customers' specifications and requirements. We generally do not accept product return or provide any warranty. Nevertheless, as a responsible apparel SCM services provider and in order to maintain the business relationship with our customers, we investigate every incident and offer solutions to our customers to resolve such incident. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material complaint, claim or product return from our customers due to quality issues of our products.

MARKET AND COMPETITION

The apparel SCM market in Hong Kong was fragmented with more than 10,000 players for the year ended 31 March 2017, leading to fierce competition among services providers in terms of the product design, the price, the quality control and delivery of products. Moreover, the changing demands from the consumption market drive various retail brands to require for higher quality, shorter lead time and competitive prices in the apparel SCM market, which tends to further exert pressure on the market players. Leading players in the apparel SCM market of Hong Kong are featured with the provision of integrated SCM solutions where SCM services along with comprehensive value-added services such as the procurement of raw materials, the design and consulting of products are involved. Benefiting from the extensive experience in the market, leading players have established long-term cooperative relationships with raw materials suppliers from the upstream, which guarantees the companies sufficient supply for mass production. The lower sourcing cost and the high large-volume production capacity further lead to more guaranteed lead time and competitive price of the players.

HEDGING

During the Track Record Period, we did not engage in any hedging activity.

RESEARCH AND DEVELOPMENT

During the Track Record Period, we did not engage in any research and development activity.

OCCUPATIONAL HEALTH AND SAFETY

We do not own or operate any manufacturing facilities and therefore we are not subject to any manufacturing related safety issues. During the Track Record Period, some of our products were manufactured by Jiangmen Majestic. For details of Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" in this prospectus. Our Directors confirmed that during the Track Record Period and up to the date of disposal of Billion Success, Jiangmen Majestic did not experience any significant accident involving employees' safety in the course of their employment and had complied with the applicable health and safety laws and regulations in all material respects.

As required under Hong Kong laws, we have taken out employees' compensation insurance for our employees. We have established work safety policies with which our employees are required to comply to ensure that our employees work within a safe and healthy working environment. During the Track Record Period and up to the Latest Practicable Date, we received two minor work-related personal injury claims from our employees. In one incident, an employee sustained injury to his waist in the course of loading goods; in the other incident, another employee sustained injury to her feet as a result of slipping down the stairs. As at the Latest Practicable Date, the above employees had received compensation for an aggregate sum of approximately HK$188,000, which was fully covered by insurance, in settlement of the above claims. Save as disclosed, we did not experience any significant accident involving employees' safety in the course of their employment and we had complied with the applicable health and safety laws and regulations in all material respects.

ENVIRONMENTAL COMPLIANCE

We do not own or operate any manufacturing facilities and therefore we are not subject to any specific environmental laws or regulations. During the Track Record Period, some of our products were manufactured by Jiangmen Majestic. For details of Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" in this prospectus. Our Directors confirmed that during the Track Record Period and up to the date of disposal of Billion Success, Jiangmen Majestic had complied with the applicable environmental laws or regulations in all material respects.

As an apparel SCM services provider, we engage manufacturer suppliers or trading company suppliers which further engage manufacturers for the production of apparel products for our customers. To the best knowledge of our Directors, all of our manufacturer suppliers or other manufacturers engaged by our trading company suppliers during the Track Record Period had manufacturing operations in the PRC.

Information of our suppliers is set out in the paragraph headed "Procurement and suppliers" above in this section. We do not have any knowledge that any of our manufacturer suppliers or other manufacturers engaged by our trading company suppliers during the Track Record Period and up to the Latest Practicable Date was in breach of any applicable environmental laws or regulations in any material respects.

INSURANCE

We believe that our insurance coverage is generally adequate to insure against the risks relating to our operations, having taken into account the size and type of our business. We also believe that the insurance coverage is generally in line with the standard commercial practice in the apparel SCM industry. Our insurance coverage includes, amongst others, employees' compensation, public liability, damage to office contents, business interruption and fire. We do not maintain product liability insurance for our products. However, we have complied with our customers' requirements in relation to product safety during the Track Record Period. For the year ended 31 March 2017, we have made an insurance claim regarding water pipe damage in our principal place of business of approximately HK$120,000. During the Track Record Period and as at the Latest Practicable Date, save as disclosed above and in the paragraph headed "Occupational health and safety" above in this section, we did not make, nor were we the subject of, any material insurance claim.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our Hong Kong Legal Advisers, we had obtained all material requisite licenses, approvals and permits required for our operations.

EMPLOYEES

Number of employees by function

As at 31 March 2016, 31 March 2017, 30 September 2017 and the Latest Practicable Date, we had a total of 31, 33, 34 and 32 permanent full-time employees respectively. As at the Latest Practicable Date, except for the five quality control staff who are based in the PRC, all other staff are based in Hong Kong. Set out below is the number of employees by function as at 31 March 2016, 31 March 2017, 30 September 2017 and the Latest Practicable Date:

	As at 31 March		As at 30 September	As at the Latest Practicable Date
	2016	2017	2017	Date
Management	3	3	3	3
Merchandising	18	19	18	16
Shipping	4	4	4	4
Quality control	5	5	5	5
Accounting and administration	1	2	4	4
Total	31	33	34	32

Relationship with staff

We consider that we have maintained good relationships with our employees. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant problems with our employees or disruption to our operations due to labour disputes nor did we experience any difficulties in the retention of experienced staff or skilled personnel and there was no labour union established by our employees.

Recruitment policies

We generally recruit our employees from the open market mainly through placing recruitment advertisements. We recruit employees whom we believe have the relevant skills and working experiences to serve our Group. We assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development.

Training and remuneration policy

We enter into separate employment contracts with each of our employees in accordance with the applicable employment laws. The remuneration package offered to our employees generally includes basic salary and bonus. The salary of our employees are mainly based on each employee's qualifications, relevant experience and performance. We conduct annual review on salary adjustment and promotion based on the performance of our employee on an individual basis. We provide our employees with on-the-job training.

Mandatory provident fund

As required by Hong Kong laws, we have enrolled all of our eligible employees in the mandatory provident fund. Our Directors confirmed that we had complied with the applicable labour and social welfare laws and regulations in all material respects, and had made relevant contributions in accordance with such laws and regulations during the Track Record Period.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned the following properties:

Properties	Usage	Saleable area *(approximate)* *(sq. ft.)*
Unit No.12 and 13, 2/F, Elite Industrial Centre, No.883 Cheung Sha Wan Road, Kowloon, Hong Kong	Product development, showroom & ancillary office	2,970

For further details of the above owned properties, please refer to the property valuation report set out in Appendix III to this prospectus.

Leased properties

During the Track Record Period and as at the Latest Practicable Date, we leased the following properties:

Properties	Usage	Saleable area *(approximate)* *(sq. ft.)*	Monthly rental	Term
Unit No.14, 2/F, Elite Industrial Centre, No.883 Cheung Sha Wan Road, Kowloon, Hong Kong	Product development, showroom & ancillary office	1,519	HK$34,500	From 1 April 2017 to 31 March 2020
Unit No.15, 2/F, Elite Industrial Centre, No.883 Cheung Sha Wan Road, Kowloon, Hong Kong	Product development, showroom & ancillary office	1,781	HK$41,000	From 1 April 2017 to 31 March 2020

The landlords from whom we leased the above properties are connected persons of our Company. For details, please refer to the section headed "Connected transactions" in this prospectus.

INTELLECTUAL PROPERTY

Our policy on design rights

Our customers retain exclusive ownership of all rights, title and interests in the intellectual properties of the products manufactured for them. We have obligations not to infringe their intellectual property rights and will be subject to liability if we are in breach of our obligations. Our suppliers are required not to retain any unused raw materials, surplus stock (including products in progress) and samples without our permission and not to manufacture any goods that will infringe the intellectual property rights of our customers. Our employees are required to properly store and handle confidential information related to product designs of our customers and not to reproduce or publicise such information.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge, information and belief of our Directors, our Directors were not aware of any infringement or potential infringement by any member of our Group of the intellectual property rights owned by any third parties, and no material complaint was received and no claim was made against us by our customers in relation to infringement of their intellectual property rights.

Trademark

As at the Latest Practicable Date, we did not own any trademark.

Domain name

As at the Latest Practicable Date, we had registered two domain names. Details of such domain names are set out in the paragraph headed "Intellectual property rights" in Appendix V to this prospectus.

LEGAL COMPLIANCE AND LITIGATION

During the Track Record Period, there were no material legal proceedings, regulatory inquiries or investigations made or pending or threatened against any member of our Group.

During the Track Record Period, we filed a claim against a customer in the U.S.. We have made a provision on trade receivables from that customer of approximately HK$3.6 million and HK$0.7 million for the year ended 31 March 2015 and 2016, respectively. As at the Latest Practicable Date, such case was fully settled by a settlement agreement between that customer and us. Our Directors confirmed that, as at the Latest Practicable Date, we did not have any further business transactions with that customer.

Our Directors confirmed that, as at the Latest Practicable Date, no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against our Group that would have a material and adverse effect on the results of operations or financial condition of our Group.

NON-COMPLIANCE

As advised by our Hong Kong Legal Advisers, our Group had complied with all applicable laws and regulations in all material respects in Hong Kong (being the principal jurisdiction in which our Group operates) during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL

Our Directors are responsible for monitoring our internal control system and reviewing its effectiveness. Our independent internal control consultant performed a review on our internal control systems including reviewing guidelines and policies which are implemented through our operational process. No material deficiency and ineffectiveness on the internal control system had been identified by our internal control consultant.

In order to mitigate the liquidity risk arising from the collection of receivables from the customers, our accounting staff will be responsible for periodically monitor the accounts receivable aging report of our Group and report to our Directors for the long outstanding debts in order to minimise the outstanding debt turn into bad debts.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

We believe that corporate governance and risk management are crucial to the development and success of our business. Therefore, we have adopted corporate governance measures and risk management measures in various aspects of our business operations such as financial reporting, legal compliance, information system and premises safety and human resources management.

Corporate governance

In terms of corporate governance, our Group has, *inter alia*, (i) designated our compliance officer to assist our Board to oversee and monitor due compliance with laws, rules and regulations applicable to our Group; (ii) appointed three independent non-executive Directors to ensure the effective exercise of independent judgment on its decision-making process and provide independent advice to our Board and our Shareholders; (iii) established an audit committee to assist our Board in providing independent view on the effectiveness of our financial reporting process and internal control and risk management systems, and overseeing the audit process; (iv) appointed Messis Capital Limited as our compliance adviser in accordance with the applicable GEM Listing Rules; and (v) provided (and will continue to provide) our Directors and senior management with training, development programs on applicable legal and regulatory requirements from time to time.

Risk management

We recognise the need for risk management in our strategic and operational planning, day-to-day management and decision making process are committed to managing and minimising risks by identifying, analysing, evaluating and mitigating risk exposures that may impact the continued efficiency and effectiveness of our operations or prevent it from achieving its business objective. The risk management process of our Group is coordinated and facilitated by our compliance officer. The objectives of risk management are to, *inter alia*, enhance our Company's governance and corporate management processes as well as to safeguard our Group against unacceptable levels of risks and losses.

The risk management process of our Group will involve, *inter alia*, (i) an annual risk identification exercise which involves assessment of the consequence and likelihood of risks (including documenting those of potentially high impact) and the development and/or review of risk management plans for mitigating such risks; (ii) testing of documented risk management procedures at approval intervals; and (iii) ensuring that our staff and other stakeholders have access to appropriate information and training in the area of risk management.

We are also exposed to market risks from changes in market rates and prices, such as interest rates, credit, foreign exchange and liquidity. Please refer to the paragraph headed "Financial risk management objectives and policies" under the section headed "Financial information" in this prospectus. Based on the above, our Directors are of the view that our Company has adequate corporate governance measures and risk management procedures in place for the business operations of our Group.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer, our Company will be owned as to 70.0% by Giant Treasure, which is owned as to 50.0% by Mr. Leung and 50.0% by Ms. Tam. Accordingly, Giant Treasure, Mr. Leung, and Ms. Tam, as a group, will become our Controlling Shareholders under the GEM Listing Rules.

COMPANIES INTERESTED BY THE CONTROLLING SHAREHOLDERS DURING THE TRACK RECORD PERIOD

On 21 August 2017, one of our Controlling Shareholders, Ms. Tam, and the Purchaser, entered into a sale and purchase agreement, pursuant to which the Purchaser acquired the entire issued share capital of Billion Success from Ms. Tam, who was the then sole shareholder of Billion Success. For further details, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, Reorganisation and Corporate Structure" in this prospectus.

COMPETITION AND RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, apart from our Group's business, our Directors and their respective close associates do not have any interest which competes or may compete, directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

In addition, our Controlling Shareholders have given a non-competition undertaking in favour of our Group. For details, please refer to the paragraph headed "Non-Competition Undertaking" in this section below.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Our Directors believe that our Group is capable of carrying on our business independent of, and does not place undue reliance on, our Controlling Shareholders or their close associates, taking into consideration the following factors:

Management independence

We have an independent management team comprising our Directors and senior management who have substantial experience in our business. Our management team is able to implement our Group's policies and strategies and performs its roles in our Company independently.

We aim at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Mr. Leung and Ms. Tam, our Controlling Shareholders, are the two executive Directors, the three independent non-executive Directors have extensive experience in different areas or professions, who bring independent judgment to the decision-making process of our Board. The main functions of our Board include the approval of our overall business plans and strategies, monitoring the implementation of these plans and strategies and the management of our Group.

Further, each of our Directors is aware of his or her fiduciary duties as a director which requires, among other things, that he or she acts for the benefit and in the best interests of our Company and Shareholders as a whole, and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Our Board and the senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders and our Company as a whole after the Listing without reference to our Controlling Shareholders.

Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders. Despite the fact that we will have certain exempt continuing connected transactions, particulars of which are set forth in paragraph headed "Continuing Connected Transactions" under the section headed "Connected transactions" in this prospectus, having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group has not shared our operational resources, such as customers, marketing, sale and general administration resources with our Controlling Shareholders and/or their associates; and (iii) save for Jiangmen Majestic, our Controlling Shareholders have no interest in any of our customers, suppliers or other business partners that are important to our operations. Our Directors consider that our Group can operate independently from our Controlling Shareholders from the operational perspective.

Financial independence

Our Group has our own accounting systems, accounting and finance department and independent treasury function for cash receipts and payments. We make financial decisions according to our own business needs. Our finance department will be responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns.

During the Track Record Period and up to the Latest Practicable Date, Mr. Leung and Ms. Tam had provided personal guarantees for the banking facilities obtained by our Group. All guarantees, indemnities and other securities provided by our Controlling Shareholders and/or companies controlled by our Controlling Shareholders for the benefit of our Group will be released upon the Listing.

Notwithstanding the above, our Group has independent financial systems and independent treasury function for receiving cash and making payments. Our Group can obtain external and independent financing given that our Group is able to collateralise our properties and provide corporate guarantee by the Company after the Listing. As at the Latest Practicable Date, we had mortgaged our properties as securities for our existing banking facilities. Conditional upon the Listing, we are expected to have banking facilities of

HK$17 million, which will be secured by our properties and corporate guarantee. For details of properties owned by our Group, please refer to the paragraph headed "Properties" in the section headed "Business" of this prospectus. Our Group makes financial decisions according to its own business needs.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

Independence of major suppliers

Save for the previous relationship with Jiangmen Majestic as disclosed in the section headed "History, reorganisation and corporate structure" in this prospectus, our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associate had any relationship with the five largest suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) for the Track Record Period and up to the Latest Practicable Date.

Independence of major customers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associate had any relationship with the five largest customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) for the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

Each of our Controlling Shareholders as covenantors (each a "**Covenantor**", and collectively the "**Covenantors**") entered into the Deed of Non-competition with our Company (for ourselves and as trustee for and on behalf of our subsidiaries) on 20 March 2018.

Non-competition

In accordance with the Deed of Non-competition, each of the Covenantors irrevocably and unconditionally, jointly and severally warrants and undertakes to our Company, on its own behalf and as trustee for each of our subsidiaries that during the period that the Deed of Non-competition remains effective, he or she or it shall not, and he or she or it shall use his or her or its best endeavours to procure that his or her or its associates (not including our Company or any of our subsidiaries) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) or as principal or agent, and whether on his or her or its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through our Company and any of our subsidiaries), do any of the following:

(a) carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with or is likely to be in competition, directly or indirectly, with any business presently carried on by our Company or any of our subsidiaries or any other business that may be carried on by our Company or any of our subsidiaries from time to time during the term of the Deed of Non-competition (the "**Restricted Business**"), whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise and whether for profit, reward or otherwise; and

(b) take any action which interferes with or disrupts or may interfere with or disrupt any business presently carried on by our Company or any of our subsidiaries or any other business that may be carried on by our Company or any of our subsidiaries from time to time during the term of the Deed of Non-competition including, but not limited to, solicitation of any of the then current customers, suppliers or employees of our Company or any of our subsidiaries.

The Deed of Non-competition does not preclude the Covenantors from having any interest in any company engaging in any Restricted Business (the "**Subject Company**") where: (i) the total number of shares held by the Covenantors does not exceed 5.0% of the issued shares of the Subject Company which is or whose holding company is listed on any recognised exchange (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)); or (ii) any Restricted Business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for not more than 5.0% of the Subject Company's consolidated turnover or consolidated assets, as shown in the Subject Company's latest audited accounts provided that (i) there is a holder (together where appropriate, with its associates) with a larger shareholding in the Subject Company than the aggregate shareholding held by the Covenantors and/or their respective associates at all times and (ii) the total number of the Covenantors' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to their shareholding in the Subject Company.

Each of the Covenantors further irrevocably and unconditionally, jointly and severally undertakes to our Company (for itself and as trustee for each of its subsidiaries) that:

(a) he or she or it shall not directly or indirectly appoint any executive director in the Subject Company;

(b) the principal terms by which he or she or it (or their respective associates) subsequently invests, participates, engages in or operates the Restricted Business are no more favourable than those offered to our Company or any of our subsidiaries; and

(c) if any business opportunity is identified by or made available to him, her or it or any of their associates, it shall and shall procure that their associates (excluding our Company or any of our subsidiaries) shall refer such business opportunity to our Company on a timely basis and in the following manner:

(i). he or she or it shall and shall procure that his or her or its associates (excluding our Company or any of our subsidiaries) shall give written notice to our Company of such business opportunity within seven days identifying the target company (if relevant) and the nature of the business opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such business opportunity;

(ii). our Company shall seek approval from our Board or a board committee (in each case comprising, among others, independent non-executive Directors) who do not have a material interest in the business opportunity (the "**Independent Board**") as to whether to pursue or decline the business opportunity (in which any Director who has an actual or potential material interest shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such business opportunity);

(iii). the Independent Board shall consider the financial impact of pursuing the business opportunity offered, whether the nature of the business opportunity is consistent with our Group's strategies and development plans, the general market conditions in the Restricted Business's industry in Hong Kong and any advice from independent financial advisers, should the appointment of which be deemed necessary by the Independent Board;

(iv). if appropriate, the Independent Board may appoint independent financial advisers to assist in the decision-making process in relation to such business opportunity;

(v). the Independent Board shall, within 30 days of receipt of the written notice referred to in (i) above, inform the relevant Covenantor in writing on behalf of our Company its decision whether to pursue or decline the business opportunity;

(vi). the relevant Covenantor shall be entitled but not obliged to pursue such business opportunity only if he or she or it has received a notice from the Independent Board declining such business opportunity; and

(vii). if there is any material change in the nature, terms or conditions of such business opportunity pursued by the relevant Covenantor, he or she or it shall refer such business opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were a new business opportunity.

For this purpose, business opportunity means any new business investment or other business opportunity relating to the Restricted Business, other than in our Company.

Further, the independent non-executive Directors will review, on an annual basis, the compliance of each of the Covenantors with the Deed of Non-competition (in particular, the right of first refusal relating to any business opportunity (as defined therein)) and our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance with and enforcement of the Deed of Non-competition in our annual report or by way of announcement to the public.

The provisions contained in the Deed of Non-competition are conditional upon the Listing. If the Listing does not occur in accordance with the Deed of Non-competition, the Deed of Non-competition shall terminate and, except as otherwise provided therein and without affecting any rights which have accrued prior to termination (including with respect to a breach thereof), no party shall have any further obligation to the other parties thereunder.

The respective obligations of each of the Covenantors under Deed of Non-competition shall terminate on the earliest of the date on which such Covenantor ceases to hold directly or indirectly in aggregate 30.0% or more of the entire issued share capital of our Company, or otherwise ceases to be a Controlling Shareholder or our Shares cease to be listed and traded on GEM (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

(1) our independent non-executive Directors will review, on an annual basis, the Deed of Non-competition to ensure compliance with the non-competition undertaking by our Controlling Shareholders;

(2) our Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;

(3) our Company will disclose decision on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company or by way of announcement to the public;

(4) our Controlling Shareholders have undertaken to provide an annual declaration to our Company confirming that each of our Controlling Shareholders and his or her or its close associates have not breached the terms of the undertakings contained in the Deed of Non-competition; and

(5) our Controlling Shareholders will abstain from attending and voting at any meeting of our Company if there is any actual or potential material interest in relation to the Restricted Business and the business opportunity.

OVERVIEW

Prior to the Listing, our Group has entered into certain transactions with its connected persons during the Track Record Period. Some of these transactions has completed or ceased, some of them will constitute continuing connected transactions (as defined under the GEM Listing Rules) of our Company upon the Listing. Details of these transactions are as follows:

DISCONTINUED CONNECTED TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, which also constituted connected transactions. Majestic City International paid approximately HK$5.2 million to Jiangmen Majestic for the purchase of apparel products for the year ended 31 March 2017. Since 21 August 2017, Billion Success and hence Jiangmen Majestic is owned by Independent Third Parties. Any transactions between our Group and Jiangmen Majestic thereafter will not constitute as connected transactions. For details of Billion Success and Jiangmen Majestic, please refer to the paragraph headed "Disposal of Billion Success" under the section headed "History, reorganisation and corporate structure" in this prospectus. Majestic City International also entered into a purchase order to purchase apparel products from Turbo Profit on one occasion, in the total consideration of approximately HK$1.1 million. For details of these transactions, please refer to the paragraph headed "Related party transactions" under the section headed "Financial Information" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreements

Due to the expansion of business, since 1 April 2011, Majestic City International, a subsidiary of the Company, entered into tenancy agreements with Turbo Profit, a company principally engaged in property holding, pursuant to which Turbo Profit agreed to lease to Majestic City International the property situated at Room 214, 2/F., Elite Industrial Centre, No.883 Cheung Sha Wan Road, Kowloon, Hong Kong (the "**Property I**"), with a total saleable area of approximately 1,519 sq.ft for the usage of product development, showroom and ancillary office. Also, since 1 April 2011, Majestic City International entered into tenancy agreements with Joint Linker, a company principally engaged in property holding, pursuant to which Joint Linker agreed to lease to Majestic City International the property situated at Room 215, 2/F., Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon, Hong Kong (the "**Property II**"), with a total saleable area of approximately 1,781 sq.ft. The Property I and Property II are used for the purpose of product development, showroom and ancillary offices. Our Directors are of the view that by entering into the aforesaid tenancy agreements, our Group has benefited from enlarging our working space. It is expected that our Group will continue to lease the Property I and Property II after Listing.

Tenancy Agreements between Majestic City International and Turbo Profit

Tenancy Agreement I and Addendum I

Majestic City International has entered a tenancy agreement with Turbo Profit for the leasing of the Property I for the term commencing from 1 April 2017 to 31 March 2018 at a monthly rent of HK$34,500.00 (the "**Tenancy Agreement I**"). Pursuant to the Tenancy Agreement I, Majestic City International agreed to pay management fee and rent. The monthly rent under the Tenancy Agreement I was determined on an arm's length basis between Majestic City International and Turbo Profit.

Further, Majestic City International and Turbo Profit signed an addendum of Tenancy Agreement I on 19 September 2017 (the "**Addendum I**"), pursuant to which both parties agree to extend the period of Tenancy Agreement I to 31 March 2020, while all other terms and conditions remain unchanged.

Historical Transaction Amounts

Prior to the Tenancy Agreement I, Majestic City International entered into another two tenancy agreements with Turbo Profit for the leasing of the Property I for the term commencing from 1 April 2015 to 31 March 2016 at a monthly rent of HK$32,000.00, and 1 April 2016 to 31 March 2017 at a monthly rent of HK$33,000.00, respectively. The total aggregate of rental paid by our Group under the two tenancy agreements above was HK$384,000.00, HK$396,000.00 and HK$207,000.00 for the year ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, respectively.

Proposed Annual Cap on Future Transaction Amounts

The annual rental paid and payable by our Group under the Tenancy Agreement I and Addendum I will be HK$414,000.00 for the three years ending 31 March 2020, which is determined after arm's length negotiation between the parties thereto by reference to the prevailing market rates.

Tenancy Agreements between Majestic City International and Joint Linker

Tenancy Agreement II and Addendum II

Majestic City International has entered into a tenancy agreement with Joint Linker for the leasing of the Property II for the term commencing from 1 April 2017 to 31 March 2018 at a monthly rent of HK$41,000.00 (the "**Tenancy Agreement II**"). Pursuant to the Tenancy Agreement II, Majestic City International agreed to pay management fee and monthly rent. The monthly rent under the Tenancy Agreement II was determined on an arm's length basis between Majestic City International and Joint Linker.

Further, Majestic City International and Joint Linker signed an addendum of Tenancy Agreement II on 19 September 2017 (the "**Addendum II**"), pursuant to which both parties agree to extend the period of Tenancy Agreement II to 31 March 2020, while all other terms and conditions remain unchanged.

Historical Transaction Amounts

Prior to the Tenancy Agreement II, Majestic City International entered into another two tenancy agreements with Joint Linker for the leasing of the Property II with the terms commencing from 1 April 2015 to 31 March 2016 at a monthly rent of HK$38,000.00, and 1 April 2016 to 31 March 2017 at a monthly rent of HK$39,000.00, respectively. The total aggregate of rental paid by our Group under the aforementioned two tenancy agreements was HK$456,000.00, HK$468,000.00 and HK$246,000.00 for the year ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, respectively.

Proposed Annual Cap on Future Transaction Amounts

The annual rental paid and payable by our Group under the Tenancy Agreement II and Addendum II will be HK$492,000.00 for the three years ending 31 March 2020, which is determined after arm's length negotiation between the parties thereto by reference to the prevailing market rates.

Views of the Property Valuer and our Directors

The Property Valuer of our Group has reviewed the Tenancy Agreements with Turbo Profit and Tenancy Agreements with Joint Linker (collectively the "**Tenancy Agreements**") and Addendum I & II, and conducted market search on the leasing market in Hong Kong. It has confirmed that the terms of the Tenancy Agreements and Addendum I & II, including the rental payable thereunder, are fair and reasonable, and the rental payment thereunder reflects the prevailing market rate as at the dates of the commencement of the Tenancy Agreements.

IMPLICATIONS UNDER THE GEM LISTING RULES

Each of Turbo Profit and Joint Linker is a company wholly-owned by Mr. Leung and Ms. Tam, our Controlling Shareholders and executive Directors. As such, each of Turbo Profit and Joint Linker is an associate of Mr. Leung and Ms. Tam and a connected person of our Company for the purpose of the GEM Listing Rules. Accordingly, the transaction under the Tenancy Agreements will constitute a continuing connected transaction of our Company under Chapter 20 of the GEM Listing Rules upon Listing.

It is proposed that the aggregate annual caps for the rentals payable under the Tenancy Agreements I and the Tenancy Agreements II will be HK$906,000.00, for the three years ending 31 March 2020. Since, on an aggregate basis, each of the applicable ratios calculated with reference to Rule 19.07 of the GEM Listing Rules is expected to be less than 5.0% and the aggregate annual consideration is less than HK$3,000,000, the transactions under the Tenancy Agreements fall within the de minimis threshold and constitute de minimis continuing connected transactions of our Company under Rule 20.74(1)(c) of the GEM Listing Rules. Accordingly, the Tenancy Agreements and the transactions contemplated thereunder will be exempted from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules upon Listing.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) consider that the Tenancy Agreements have been entered into in the ordinary and usual course of business of our Company and on normal commercial terms, and the terms of and transactions contemplated under the Tenancy Agreements and the annual caps set out above are fair and reasonable, on normal commercial terms and in the interests of our Company and Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

After review of relevant documentation and historical figures provided by our Company, the Sole Sponsor is of the view that the terms of Tenancy Agreements and the transactions contemplated thereunder have been and will be entered into in ordinary and usual course of business of our Company and on normal commercial terms, which are fair, reasonable and in the interests of our Company and Shareholders as a whole.

OVERVIEW

Our Board currently consists of five Directors, comprising two executive Directors, and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business. The following table sets out the information in respect of our Directors and senior management:

Directors

Name	Age	Position	Date of joining our Group	Date of appointment as Director of our Company	Roles/Responsibilities	Relationship with other Director(s) and/or senior management
Mr. Leung Kwok Hung Wilson (梁國雄)	48	Chairman of the Board, executive Director, and chief executive officer	18 August 2008	20 June 2017	Responsible for the overall corporate strategies, management and business development of our Group	Mr. Leung is the spouse of Ms. Tam
Ms. Tam Shuk Fan (譚淑芬)	47	Executive Director	18 August 2008	20 June 2017	Overseeing the management and administration of our Group's business operation	Ms. Tam is the spouse of Mr. Leung
Mr. Lau Yau Chuen Louis (劉友專)	41	Independent non-executive Director	20 March 2018	20 March 2018	Providing independent judgement on our Group's strategy, performance, resources and standard of conduct	Nil
Ms. Lee Yin Mei (李燕薇)	45	Independent non-executive Director	20 March 2018	20 March 2018	Providing independent judgement on our Group's strategy, performance, resources and standard of conduct	Nil
Ms. Cheung Wai Man (張慧敏)	48	Independent non-executive Director	20 March 2018	20 March 2018	Providing independent judgement on our Group's strategy, performance, resources and standard of conduct	Nil

Senior Management

Name	Age	Position	Date of joining our Group	Date of appointment as current position of our Company	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Kwok Chi Yin (郭志賢)	50	Company Secretary	26 September 2017	26 September 2017	Company secretarial matters of our Group	Nil
Ms. Chan Sheung Ping (陳湘萍)	48	Chief operating officer	18 August 2008	26 September 2017	Overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationship and marketing	Nil

Executive Directors

Mr. Leung Kwok Hung Wilson (梁國雄), aged 48, is the chairman of the Board, an executive Director, and chief executive officer of our Group. Mr. Leung is also chairman of the nomination committee of our Company. He was appointed as our Director on 20 June 2017 and was re-designated as an executive Director and the chairman of our Group on 26 September 2017. Mr. Leung has over 29 years of sales and merchandising experience in the apparel industry. After completing his secondary education in Hong Kong in 1986, he commenced his merchandising career in the apparel industry and worked as an assistant merchandiser in Dodwell Hong Kong Buying Office Limited, a merchant firm from May 1988 to May 1990. From June 1990 to July 1991, he was an assistant merchandiser of Innova Limited, a U.S. company trading in knitted shirts. From July 1991 to February 1992, he was a merchandiser of Hilpop Fashion Limited, an apparel design and development company. From April 1992 to April 1999, he was a merchandiser of Kasmen Limited, an apparel manufacturing and exporting company and he was a senior merchandiser from May 1999 to February 2005. Having spent more than 13 years in the merchandising field, Mr. Leung co-founded Majestic City Limited in 2001 and Majestic City International in August 2008 with Ms. Tam. He is primarily responsible for the overall corporate strategies, management and business development of our Group. In addition to his experience in the apparel industry, Mr. Leung has been serving the Hong Kong Auxiliary Police Force since 1994 and is currently the Station Sergeant of the Hong Kong Auxiliary Police Force. Mr. Leung is currently a director of each of Century Momentum, Majestic City International and Success Great.

Mr. Leung had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Ms. Tam Shuk Fan (譚淑芬), aged 47, was appointed as our Director on 20 June 2017 and was re-designated as an executive Director on 26 September 2017 and is responsible for overseeing the management and administration of our Group's business operations. Ms. Tam completed her secondary education in Hong Kong in 1987 and one-year post-secondary secretarial studies at Chu Hai College in July 1988. From April 1989 to April 1999, she worked in Kasmen Limited, an apparel manufacturing and exporting company, and her last position was shipping officer. In April 1999, she left Kasmen Limited and worked as a shipping and account officer of Mikura Limited, an electrical and electronic manufacturing company, from 1999 to 2001. Prior to co-founding our Group in August 2008, she was a clerk in the finance department of Quality Healthcare Medical Centre Limited, a healthcare company from December 2001 to February 2006. Ms. Tam is the spouse of Mr. Leung. Ms. Tam is currently a director of each of Century Momentum, Majestic City International and Success Great.

Ms. Tam had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Independent Non-executive Directors

Mr. Lau Yau Chuen, Louis (劉友專), aged 41, was appointed as an independent non-executive Director on 20 March 2018. Mr. Lau is also the chairman of the audit committee, member of the remuneration committee and member of the nomination committee. Mr. Lau is responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Mr. Lau graduated from City University of Hong Kong and is a member of the Association of Chartered Certified

Accountants. Mr. Lau has around 17 years of financial reporting, audit and compliance experiences gained from international certified public accounting firms (the "**CPA Firms**") and listed companies. Mr. Lau worked as certified public accountant of numerous CPA Firms in Hong Kong from June 2000 to January 2005. From January 2005 to November 2006, Mr. Lau worked as a senior associate in the audit department of BDO McCabe Lo Limited, a company that provides audit and assurance services. From January 2007 to March 2008, Mr. Lau worked as an assistant manager of the internal audit team of Elec & Eltek Corporate Services Ltd., a listed company in Singapore principally engaged in manufacturing of printed circuit board. Mr. Lau was formerly an executive director and financial controller of Artini China Co. Ltd., a retail chain operator and manufacturer of fashion accessories (stock code: 789) from May 2010 to July 2011; company secretary from 11 May 2015 to 25 May 2017 of China Innovative Financial Group Limited, a financial investment service company (stock code: 412), each of the companies whose shares are listed on the Main Board of the Stock Exchange. Mr. Lau is currently the chief financial officer of Millennium Pacific Group Holdings Limited (stock code: 8147), an electronic manufacturing company whose shares are listed on the GEM of the Stock Exchange.

Save as disclosed above, Mr. Lau had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Ms. Lee Yin Mei (李燕薇), aged 45, was appointed as an independent non-executive Director on 20 March 2018. Ms. Lee is also the chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee. Ms. Lee is responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Ms. Lee has over 27 years of experience in SCM of apparel and related products in Hong Kong and the U.S.. After completing her secondary education, Ms. Lee worked as an assistant manager at Austins Marmon Limited, a glove and accessories manufacturing company from 1990 to 2001. From January 2002 to July 2012, she worked as director of sourcing and product development at Four Star Distribution Inc., an apparel, accessories and footwear brand. From August 2012 to August 2016, she worked as the global sourcing manager at Oakley Inc., the U.S., an eyewear, apparel, accessories and footwear brand with eyewear manufacturing, where she was responsible for SCM of apparel and related products. Since August 2016, she has been employed as finance planning and analysis manager at Fox Head Inc., the U.S., a hardgoods, apparel and accessories brand, where she has been responsible for SCM of the products profitability.

Ms. Lee had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Ms. Cheung Wai Man (張慧敏), aged 48, was appointed as an independent non-executive Director on 20 March 2018. Ms. Cheung is also a member of the audit committee, a member of the remuneration committee and a member of the nomination committee. Ms. Cheung is responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Ms. Cheung has approximately 29 years of experience in merchandising field. After completion of her post-secondary education, she worked in Associated Merchandising Corporation Hong Kong Office, a retail merchandising sourcing services provider, from August 1988 and March 1993 and her last position was assistant merchandise representative. She was an assistant merchandiser of Liz Claiborne International Limited, a company engaged in buying and sourcing of fabrics and raw materials for apparel and garments, and was promoted to merchandiser in July 1994 until she left in May 1995. From June 1995, she was an associate merchandiser of Gap International Sourcing Limited, an apparel manufacturer and provider, and subsequently was promoted to merchandise manager in accessories category until her departure in January 2017. Since then, Ms. Cheung has not been engaged in any employment or business as she wishes to devote more time to her other personal commitments.

Ms. Cheung had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, each of our Directors confirms with respect to himself that: (i) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other position in our Company or any of its subsidiaries; (iii) save as disclosed in the paragraph headed "Disclosure of interests of our Directors and chief executives of our Company" in Appendix V to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) had no other relationship with any Directors, Substantial Shareholders, Controlling Shareholders, or senior management of our Company as at the Latest Practicable Date; (v) there is no other information that needs to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules; and (vi) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders.

Each of our Directors confirms that he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us.

SENIOR MANAGEMENT

Mr. Kwok Chi Yin (郭志賢), aged 50, joined our Group on 26 September 2017 as the company secretary. He is primarily responsible for company secretarial matters of our Group. Mr. Kwok obtained a bachelor of commerce with double major in accounting and finance from Deakin University of Australia in September 1997. He has been a member of Hong Kong Institute of Certified Public Accountant since July 2001 and a member of Certified Practising Accountant Australia since June 2001.

Mr. Kwok has over 20 years of accounting and finance experience. Mr. Kwok is the chief financial officer of MCM Global Limited, an OEM manufacturing of electrical and mechanical consumer goods company since June 2013. Mr. Kwok served as the financial controller of Choong Nang Energy Equipment Manufactory Limited, an energy equipment manufacturing company, between June 2006 to June 2013. From 25 April 2014 to 7 January 2016, Mr. Kwok was the company secretary of Baofeng Modern International Holdings Company Limited, a company involved in manufacture and sale of slippers, sandals, casual footwear and graphene-based ethylene-vinyl acetate foam material and slippers (stock code: 1121), whose shares are listed on the Stock Exchange. In addition, he served as accounting manager in several companies in different industries including garment manufacturing and trading, marketing and promotion businesses from March 1999 to June 2006.

Although Mr. Kwok is currently a chief financial officer of MCM Global Limited, having considered that (i) Mr. Kwok is mainly responsible for overseeing the company secretarial matters, and he is supported by the accountant department of our Group, which consists of a financial controller (who is a member of the

Association of Chartered Certified Accountants and possesses years of experience in providing the accounting and corporate secretarial works) and other supporting staff; and (ii) our Company will retain professional advisers to advise on on-going compliance obligations and other issues arising under the GEM Listing Rules and other applicable laws and regulations in Hong Kong after the Listing, both our Directors and Mr. Kwok are of the view that there will be sufficient time, resources and support for Mr. Kwok to fulfill his duties as the company secretary of our Company.

Mr. Kwok had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

Ms. Chan Sheung Ping (陳湘萍), aged 48, has been appointed as the chief operating officer of our Group on 26 September 2017. Ms. Chan is primarily responsible for assisting our chairman in managing our Group's business operation and offering advice on the corporate direction and strategic development of our Group. In addition, Ms. Chan also assists our executive Directors in managing customer relationship and marketing activities of our Group. Ms. Chan has over 25 years of experience in the merchandising field of the apparel industry. Over the years, Ms. Chan worked as a merchandiser and was responsible for managing the production in factories and quality control in several garment related companies since 1987, such as Fook Tin Garment Manufactory, Fortuna Garment Factory and Mikura Limited. Ms. Chan joined our Group in 2008. As at the Latest Practicable Date, Ms. Chan did not engage or own any apparel or related business.

Ms. Chan had not been a director in any other listed companies for the three years immediately preceding the Latest Practicable Date.

COMPANY SECRETARY

Mr. Kwok Chi Yin (郭志賢), is our company secretary. Please refer to the paragraph headed "Senior Management" above in this section for further information.

COMPLIANCE OFFICER

Mr. Leung Kwok Hung, Wilson (梁國雄), the chairman of the Board, an executive Director and the chief executive officer of our Group, was appointed as the compliance officer of our Company on 26 September 2017. Please refer to the paragraph headed "Executive Directors" above in this section for the biographical details of Mr. Leung. Since Mr. Leung has more than 29 years in the apparel industry and is one of the co-founders of our Group, having been responsible for the overall management of our Group, he is familiar with the daily management of our Group and overall regulations to which our Group is subject. Further, our Company has appointed the Compliance Adviser and company secretary, who can provide sufficient assistance for Mr. Leung to discharge his duty as the compliance officer of our Company. Considering the above, the Directors are of the view that Mr. Leung is competent to act as the compliance officer of our Company.

REMUNERATION POLICY

Our executive Directors, independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. Our

Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After the Listing, the remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group.

REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of Directors fees, salaries, allowances, discretionary bonuses and other benefits as well as contributions to retirement benefit schemes. The total compensation accrued to our Directors for the two years ended 31 March 2016 and 2017 and for the six months ended 30 September 2017 were approximately HK$0.8 million, HK$1.2 million and HK$0.6 million, respectively.

Having considered that (i) Mr. Leung's workload and time devoted to our Group and; (ii) the performance of our Group, where our revenue increased from approximately HK$94.2 million for the year ended 31 March 2016 to approximately HK$116.2 million for the year ended 31 March 2017, Mr. Leung's director fees was adjusted from approximately HK$0.4 million for the year ended 31 March 2016 to approximately HK$0.8 million for the year ended 31 March 2017.

Among our Group's five highest paid individuals during the Track Record Period, two of them were Mr. Leung and Ms. Tam, the Directors of our Company. The aggregate compensation (including salaries and other benefits, contributions to retirement benefit schemes) paid to Mr. Leung and Ms. Tam for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 were approximately HK$0.8 million, HK$1.2 million and HK$0.6 million, respectively. The aggregate compensation (including salaries and other benefits, contributions to retirement benefit schemes) paid to remaining individuals during the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 were approximately HK$0.9 million, HK$0.9 million and HK$0.5 million, respectively.

Under the arrangement currently in force, we estimate the total compensation (including any Directors fees, salaries, discretionary bonus, and contributions to retirement benefit schemes) to be paid or accrued to our Directors for the year ending 31 March 2018 to be approximately HK$1.3 million.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 15 to the Accountants' Report as set out in Appendix I to this prospectus.

BOARD COMMITTEES

Audit committee

Our Company established the audit committee on 20 March 2018 with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises the three independent non-executive Directors, namely Mr. Lau Yau Chuen Louis, Ms. Lee Yin Mei and Ms. Cheung Wai Man. Mr. Lau Yau Chuen, Louis currently serves as the chairman of the audit committee. Written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The duties of the audit committee include reviewing, in draft form, the annual report and accounts, half-year report and quarterly reports and providing advice and comments to our Board. In this regard, members of the audit committee will liaise with our Board, the senior management, the reporting accountants and auditors. The audit committee will also consider any significant or usual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the accounting staff, compliance officers or auditors. Members of the audit committee are also responsible for reviewing our Group's financial reporting process and internal control system.

Remuneration committee

Our Company established the remuneration committee on 20 March 2018 which comprises three independent non-executive Directors, namely Mr. Lau Yau Chuen Louis, Ms. Lee Yin Mei and Ms. Cheung Wai Man. Ms. Lee Yin Mei currently serves as the chairman of the remuneration committee. Written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The remuneration committee is mainly responsible for making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; reviewing performance-based remuneration; and ensuring none of our Directors determine their own remuneration.

Nomination committee

Our Company established the nomination committee on 20 March 2018 which comprises one executive Director, namely Mr. Leung Kwok Hung Wilson, and three independent non-executive Directors, namely Mr. Lau Yau Chuen Louis, Ms. Lee Yin Mei and Ms. Cheung Wai Man. Mr. Leung currently serves as the chairman of the nomination committee. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Company will comply with the Corporate Governance Code in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.2.1 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. Mr. Leung is our chairman and our chief executive officer. Our Directors consider that vesting both the roles of chairman of the Board and chief executive officer of our Company in Mr. Leung will provide a strong and consistent leadership to our Group. In view of Mr. Leung's extensive experience in the industry, personal profile and critical role in our Group and our historical development, we consider that it is beneficial to the business prospects of our Group that Mr. Leung continues to act as both our chairman and our chief executive officer upon Listing.

Save as disclosed above, our Directors consider that, as of the Latest Practicable Date, our Company will fully comply with the applicable code provisions as set out in the Code of Corporate Governance Practices as contained in Appendix 15 to the GEM Listing Rules from the Listing Date.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Messis Capital Limited as the compliance adviser, who will have access to all relevant records and information relating to our Group that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company will consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of the listed issuer under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser of our Company shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier, and such appointment shall be subject to extension by mutual agreement.

The compliance adviser of our Company shall provide us with services, including guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange.

EMPLOYEES

For details of the employees of our Group, including staff benefits and incentive plans provided by our Group, please refer to the paragraph headed "Employees" under the section headed "Business" in this prospectus.

SHARE CAPITAL

The table below set forth information with respect to the authorised and issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer.

Authorised share capital

		HK$
10,000,000,000	Shares of HK$0.01 each	100,000,000

Issued or to be issued, fully paid or credited as fully paid

1,000	Shares in issue as at the date of this prospectus	10
299,999,000	Shares to be issued pursuant to the Capitalisation Issue	2,999,990
100,000,000	Shares to be issued pursuant to the Share Offer	1,000,000
400,000,000	Shares	4,000,000

ASSUMPTIONS

The table assumes that the Share Offer becomes unconditional and the issue of the Shares pursuant the Share Offer is made. It does not take into account any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of the Shares granted to our Directors as referred to in the paragraphs headed "General mandate to issue Shares" and "General mandate to repurchase Shares" in this section below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25.0% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares will rank pari passu in all respects with all Shares now in issue or to be allotted and issued as set out in the above table and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date save for the entitlements under the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of (a) 20.0% of the aggregate nominal value of the share capital of our Company in issue as enlarged by the Capitalisation Issue and the Share Offer; and (b) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this issuing mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options which may be granted under the share option scheme. The aggregate nominal value of the Shares which our Directors are authorised to allot and issue under the issuing mandate will not be reduced by the allotment and issue of such Shares. This issuing mandate will expire: (i) at the conclusion of our Company's next annual general meeting; or (ii) upon the expiry of the period within which our Company is required by any applicable law or the Articles to hold its next annual general meeting; or (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. For further details of this general mandate, please refer to the paragraph headed "Resolutions of the shareholders" in Appendix V to this prospectus

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10.0% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the Capitalisation Issue and the Share Offer. This repurchase mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. For further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares, please refer to the paragraph headed "Securities repurchase mandate" in Appendix V to this prospectus.

This repurchase mandate will expire: (i) at the conclusion of our Company's next annual general meeting; or (ii) upon the expiry of the period within which our Company is required by any applicable law or the Articles to hold its next annual general meeting; or (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. For further details about this repurchase mandate, please refer to the paragraph headed "Resolutions of the Shareholders" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

Under the Articles, our Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as may be authorised by the Stock Exchange) shall elapse between the date of one annual general meeting of our Company and that of the next.

All general meetings other than annual general meetings shall be called extraordinary general meetings. Our Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to our Board or company secretary for the purpose of requiring an extraordinary general meeting to be called by our Board for the transaction of any business specified in such requisition. Such meeting shall be held within 90 days after the deposit of such requisition. If our Board fails to proceed to convene such meeting within 21 days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

Other than the above circumstances, certain corporate actions may require the approval of members, which would be obtained at a general meeting. For details, please refer to the paragraph headed “2. Articles of Association” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue, the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10.0% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of any member our Group:

Name of Shareholder	Capacity/Nature of interest	Number of Shares (long position)	Approximate percentage of interest in our Company
Giant Treasure	Registered owner	280,000,000	70.0%
Mr. Leung *(Note 1)*	Interest in a controlled corporation	280,000,000	70.0%
Ms. Tam *(Note 2)*	Interest in a controlled corporation	280,000,000	70.0%

Notes:

1. Mr. Leung is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Mr. Leung is deemed or taken to be interested in the Shares in which the Giant Treasure is interested.

2. Ms. Tam is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Ms. Tam is deemed or taken to be interested in the Shares in which the Giant Treasure is interested.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10.0% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs as issued by the HKICPA.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk factors" and "Forward-looking statements" in this prospectus for discussions of those risks and uncertainties.

OVERVIEW

Established in Hong Kong in 2008, we are principally engaged in apparel SCM services for our customers ranging from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. Our major customers comprised apparel retail brands based predominately in the U.S. and Europe, the products of which are marketed and sold under their own brands, such as Animal, Billabong, Element, Primitive, Ripple Junction, Roark Revival, and X-Large. The style of their products is generally casual lifestyle for the general consumers and outdoor performance for outdoor activities such as surfing and skiing.

During the Track Record Period, our revenue was derived from the sales of our key apparel products, such as jackets, woven shirts, pullovers, pants and shorts, T-shirts, and other products such as vests and accessories, including socks and bags, with the provision of apparel SCM services to our customers.

The following table sets out a breakdown of our revenue during the Track Record Period by product types:

	Year ended 31 March				**Six months ended 30 September**			
	2016		**2017**		**2016**		**2017**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	38,008	40.4	50,864	43.8	36,075	51.1	45,503	65.2
Woven shirts	15,096	16.0	17,369	15.0	9,290	13.1	6,565	9.4
Pullovers	6,965	7.4	14,183	12.2	10,394	14.7	3,228	4.6
Pants and shorts	15,698	16.7	19,386	16.7	6,324	9.0	8,027	11.5
T-shirts	14,808	15.7	10,738	9.2	6,201	8.8	5,270	7.5
Other products *(Notes)*	3,580	3.8	3,614	3.1	2,312	3.3	1,250	1.8
Total	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

During the Track Record Period, our products were sold to over 30 countries, the majority of which were sold to the U.S. and France. Our products were also sold to other European countries such as Netherlands and United Kingdom, as well as other locations such as Australia, Canada, Japan. The following table sets out a breakdown of our revenue by geographical segments (according to the locations where our products were shipped to) during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
U.S.	69,011	73.2	73,502	63.3	40,589	57.5	35,560	50.9
France	8,165	8.7	20,909	18.0	16,541	23.4	16,162	23.1
Other European countries *(Note 1)*	2,795	3.0	5,312	4.6	3,630	5.1	3,392	4.9
Australia	4,267	4.5	3,543	3.0	1,732	2.5	6,358	9.1
Canada	5,058	5.4	3,630	3.1	2,708	3.8	729	1.0
Japan	3,022	3.2	3,921	3.4	2,676	3.8	1,866	2.7
Other locations *(Note 2)*	1,837	2.0	5,337	4.6	2,720	3.9	5,776	8.3
	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Notes:

1. Other European countries include, for example, Netherlands and United Kingdom.

2. Other locations include, for example, Hong Kong, Tahiti, Israel, South Korea and Argentina.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

We have prepared our financial information under the historical cost basis and in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), on the basis set out in Note 2 to the Accountants' Report as set out in Appendix I in this prospectus. In addition, our financial information includes the applicable disclosure required by the GEM Listing Rules and the Companies Ordinance.

Pursuant to the Reorganisation, our Company became the holding company of the companies now comprising our Group on 20 March 2018. Please refer to the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and corporate structure" in this prospectus for details. The companies now comprising our Group were under common control of the Controlling Shareholders, Mr. Leung and Ms. Tam, before and after the Reorganisation. Accordingly, the financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of our Group as at 31 March 2016 and 2017 and 30 September 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Intra-group transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with our Group's accounting policies.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition during the Track Record Period have been and will continue to be affected by a number of factors, including but not limited to those set forth in the section headed "Risk Factors" in this prospectus and as set out below:

Our Group's business relationship with major customers

Our five largest customers accounted for approximately 61.8%, 65.2% and 62.4% of the total revenue for the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017, respectively. In particular, approximately 20.0%, 24.2% and 37.3% of our total revenue were attributable to our largest customer for the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017, respectively. Our customers place orders with us on an order by order basis and we do not enter into any long-term sales contracts with them. Our customers are not obligated in any way to continue to provide us 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 if orders from us or terminates the business relationship with us entirely, we may not 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 addition, if any of our customers experiences any financial difficulty and fails to settle the outstanding amounts due to us in accordance with the agreed terms. In that event, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our Group's business relationship with major suppliers

For the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017, we engaged approximately 249, 208 and 129 suppliers, and the purchase from our five largest suppliers accounted for approximately 46.4%, 44.9% and 64.4% of our total cost of sales, respectively. We do not enter into any long term contracts with our suppliers and we engage them on a case-by-case basis depending on the needs and requirements of our customers. There is no assurance that all or any of our suppliers will continue to produce apparel products for us at the desired quality and quantity, in a timely manner and on commercially acceptable terms. Any disruption in the operations of our suppliers may inevitably have negative impact on their ability to produce the apparel products in line with the required schedule. If any of our key suppliers terminates the business relationship with us or if there are any changes to the current business arrangements, we may not be able to source stable and suitable products from comparable alternative suppliers in a timely manner or on commercially acceptable terms. Any of these events may result in production delay and would adversely affect our ability to fulfil customers' orders and in turn adversely affect our sales and profitability. We may further be liable to pay compensation to our customers in the event of late delivery.

Further, as we do not enter into any long-term agreement with our suppliers, the terms of services provided by them may also be subject to fluctuations with regard to pricing, timing and quality. We may not be able to pass on all or any of the increase in production costs to our customers. In this event, our financial performance may be materially and adversely affected.

Change of economic conditions of our major markets might affect apparel industry

During the Track Record Period, the U.S. and France were our two largest markets based on the geographical destination of shipment of apparel products procured for our customers during such period. Sales to the U.S. was approximately 73.2%, 63.3% and 50.9% of our total revenue for the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017, respectively. Sales to France was approximately 8.7%, 18.0% and 23.1% of our total revenue for the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017, respectively. In total, the amount of sales to these two markets for the two years ended 31 March 2016, 2017 and the six months ended 30 September 2017 was approximately 81.9%, 81.3% and 74.0% of our total revenue, respectively.

Any change in economic and political conditions of these markets may adversely affect the spending habits of those end consumers and, therefore, the purchasing decisions of our U.S. and French customers. If there were a drastic decrease in the orders from our customers in these markets, we cannot guarantee that we could increase orders from other markets to make up for the loss of sales. This would adversely affect our business operations and financial results. Further, we cannot assure that we will be able to respond quickly to any economic, market or regulatory changes in the U.S. and French markets, and any failure to do so may cause an adverse effect on our business performance, financial condition and results of operations.

Seasonality

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. 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 our sales. If we fail to adapt to new seasonality trends or consumer spending behaviour, the revenue and business conditions may be adversely affected.

CRITICAL ACCOUNTING POLICES AND ESTIMATES

The discussion and analysis of our financial position and results of operations as included in this prospectus is based on the financial information prepared using the significant accounting policies set forth in Note 4 to the Accountants' Report set out in Appendix I to this prospectus, which conform with the

HKFRSs. It also requires management to exercise its judgement in the process of applying our Group's accounting policies. We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments used in preparing the financial information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 5 of the Accountants' Report set out in Appendix I to this prospectus.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably.

Sales of goods are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title is passed.

Interest income is recognised as it accrues using the effective interest method.

For further details, please refer to Note 4 of the Accountants' Report set out in Appendix I to this prospectus.

Other accounting policies

We also have other accounting policies, such as taxation that we consider to be significant, the details of which are set forth in Note 4 of the Accountants' Report set out in Appendix I to this prospectus.

Our management decides accounting estimates and judgements and also seeks advice from the external reporting accountants, if necessary. The basis of determination of the estimates and judgements used for the preparation of our financial statements have not changed and are unlikely to change in the near future without unforeseeable events such as change in accounting standard and guidelines. We had not experienced any material deviation between our management's estimate and actual results and had not changed these estimates or the underlying assumptions during the Track Record Period. Our management does not expect any material change in these estimates or the underlying assumptions in the foreseeable future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed in Note 5 of the Accountants' Report set out in Appendix I to this prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

The following table sets forth a summary of our combined statements of profit or loss during the Track Record Period as extracted from the Accountants' Report set out in Appendix I to this prospectus. Potential investors should read this section in conjunction with the Accountants' Report contained in Appendix I to this prospectus and not merely reply on the information contained in this section.

Combined statements of profit or loss and other comprehensive income

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	94,155	116,154	70,596	69,843
Cost of sales	(70,953)	(86,444)	(51,640)	(52,991)
Gross profit	23,202	29,710	18,956	16,852
Other income	442	901	383	522
Other (losses)/gains	(820)	(158)	29	250
Selling and distribution expenses	(4,993)	(4,833)	(2,477)	(2,291)
Administrative expenses	(5,550)	(7,516)	(4,099)	(3,765)
Listing expenses	–	(225)	–	(10,616)
Finance costs	(443)	(344)	(230)	(232)
Profit before tax	11,838	17,535	12,562	720
Income tax	(1,931)	(3,017)	(2,073)	(1,870)
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company	9,907	14,518	10,489	(1,150)

PRINCIPAL COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was derived from the sales of our key apparel products, such as jackets, woven shirts, pullovers, pants and shorts, T-shirts, and other products such as vests and accessories, including socks and bags, with the provision of apparel SCM services to our customers.

We provide various types of apparel products, which are manufactured according to our customers' specification and requirements with modifications suggested by us and approved by our customers. The following table sets out a breakdown of our revenue during the Track Record Period by product types:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	38,008	40.4	50,864	43.8	36,075	51.1	45,503	65.2
Woven shirts	15,096	16.0	17,369	15.0	9,290	13.1	6,565	9.4
Pullovers	6,965	7.4	14,183	12.2	10,394	14.7	3,228	4.6
Pants and shorts	15,698	16.7	19,386	16.7	6,324	9.0	8,027	11.5
T-shirts	14,808	15.7	10,738	9.2	6,201	8.8	5,270	7.5
Other products *(Note)*	3,580	3.8	3,614	3.1	2,312	3.3	1,250	1.8
Total	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

Sales volume

During the Track Record Period, our sales volume amounted to approximately 722,493 units, 921,075 units and 550,403 units of finished apparel products respectively. Set out below are the total sales quantities of each product category during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Unit sold	*%*	*Unit sold*	*%*	*Unit sold* (unaudited)	*%*	*Unit sold*	*%*
Jackets	195,627	27.1	301,790	32.8	209,511	40.5	266,050	48.3
Woven shirts	108,207	15.0	127,747	13.9	66,680	12.9	48,384	8.8
Pullovers	55,885	7.7	127,438	13.8	89,118	17.3	31,202	5.7
Pants and shorts	130,796	18.1	174,890	19.0	49,258	9.5	76,220	13.9
T-shirts	206,275	28.6	169,145	18.3	89,448	17.3	117,534	21.3
Other products *(Note)*	25,703	3.5	20,065	2.2	13,066	2.5	11,013	2.0
Total	722,493	100.0	921,075	100.0	517,081	100.0	550,403	100.0

Note: Other products include, for example, vests and accessories such as socks and bags.

Sales volume by product types

Sales volume of jackets increased from 195,627 units for the year ended 31 March 2016 to 301,790 units for the year ended 31 March 2017. The increase was mainly due to (i) increase of sales volume to GSM of 88,929 units for the year ended 31 March 2017; and (ii) increase of sales volume to Customer F of 17,455 units for the year ended 31 March 2017.

Sales volume of jackets increased from 209,511 units for the six months ended 30 September 2016 to 266,050 units for the six months ended 30 September 2017. The increase was mainly due to (i) increase of sales volume to GSM of 40,231 units for the six months ended 30 September 2017; (ii) increase of sales volume to Ripple Junction of 13,899 units for the six months ended 30 September 2017; and (iii) the sales of 34,563 units to four new customers for the six months ended 30 September 2017.

Sales volume of woven shirts increased from 108,207 units for the year ended 31 March 2016 to 127,747 units for the year ended 31 March 2017. The increase was mainly due to (i) increase of sales volume to Customer F of 7,659 units for the year ended 31 March 2017; and (ii) increase of sales volume to an existing customer, who ordered sample only for the year ended 31 March 2016, of 12,577 units for the year ended 31 March 2017.

Sales volume of woven shirts decreased from 66,680 units for the six months ended 30 September 2016 to 48,384 units for the six months ended 30 September 2017. The decrease was mainly due to loss of sales volume to Customer A and Customer C of approximately 9,370 units and 11,205 units respectively.

Sales volume of pullovers increased from 55,885 units for the year ended 31 March 2016 to 127,438 units for the year ended 31 March 2017. The increase was mainly due to (i) increase of sales volume to Customer C of 7,239 units for the year ended 31 March 2017; and (ii) increase of sales volume to Customer F of 4,164 units for the year ended 31 March 2017; and (iii) increase of sales volume to an existing customer of 12,272 units for the year ended 31 March 2017.

Sales volume of pullovers decreased from 89,118 units for the six months ended 30 September 2016 to 31,202 units for the six months ended 30 September 2017. The decrease was mainly due to (i) the loss of sales volume to Customer A, Customer C and Customer F by approximately 26,329 units, 8,046 units and 3,230 units respectively; and (ii) decrease in sales volume to two existing customers by 20,835 units for the six months ended 30 September 2017.

Sales volume of pants and shorts increased from 130,796 units for the year ended 31 March 2016 to 174,890 units for the year ended 31 March 2017. The increase was mainly due to (i) increase of sales volume to Customer C of 6,214 units for the year ended 31 March 2017; and (ii) increase of sales volume to an existing customer, who did not order any pants and shorts in 2016, of 26,387 units for the year ended 31 March 2017; and (iii) increase of sales volume to GSM of 11,766 units for the year ended 31 March 2017.

Sales volume of pants and shorts increased from 49,258 units for the six months ended 30 September 2016 to 76,220 units for the six months ended 30 September 2017. The increase was mainly due to (i) increase in sales volume to three existing customers of 21,604 units for the six months ended 30 September

2017; (ii) increase in sales volume to Sequel LLC and Ripple Junction of 2,759 units and 2,424 units respectively for the six months ended 30 September 2017; and (iii) increase in sales volume to GSM of 3,896 units for the six months ended 30 September 2017.

Sales volume of T-shirts decreased from 206,275 units for the year ended 31 March 2016 to 169,145 units for the year ended 31 March 2017. The decrease was mainly due to (i) loss of sales volume of 9,789 units from a customer against whom we had a litigation claim; and (ii) decrease in sales volume to Customer A of 34,684 units for the year ended 31 March 2017.

Sales volume of T-shirts increased from 89,448 units for the six months ended 30 September 2016 to 117,534 units for the six months ended 30 September 2017. The increase was mainly due to (i) increase in sales volume to a existing customer of 5,348 units for the six months ended 30 September 2017; and (ii) increase in sales volume to Customer A of 8,393 units for the six months ended 30 September 2017; and (iii) increase in sales volume to Ripple Junction of 57,541 units for the six months ended 30 September 2017.

Average selling price

The selling price of each of the product types depends primarily on, among other things, overhead expenses, purchase cost, as well as our expected profit margin. Accordingly, the selling price of our products may differ considerably in different purchase orders by different customers. Set out below are the price range and the average selling prices per unit of finished product sold to our customers for each product category during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*	Price range	Average selling price *(Note 1)*
	HK$	*HK$*	*HK$*	*HK$*	*HK$* (unaudited)	*HK$* (unaudited)	*HK$*	*HK$*
Jackets	84.3-1,428.8	194.3	66.4-1,282.0	168.5	84.3-722.1	172.2	49.7-815.3	171.0
Woven shirts	87.7-524.1	139.5	73.8-543.6	136.0	73.8-426.3	139.3	59.4-485.3	135.7
Pullovers	69.9-439.7	124.6	66.0-698.9	111.3	69.9-698.9	116.6	76.9-458.1	103.5
Pants and shorts	42.3-698.9	120.0	57.1-427.1	110.8	57.1-419.3	128.4	46.6-437.9	105.3
T-shirts	33.8-427.1	71.8	32.0-427.1	63.5	37.7-384.4	69.3	24.5-323.8	44.8
Other products *(Note 2)*	5.0-482.2	139.3	21.7-776.5	180.1	21.7-582.4	176.9	23.9-500.8	113.5
Overall		130.3		126.1		136.5		126.9

Notes:

1. The average selling price represents the revenue for the period divided by the total volume for that period.

2. Other products include, for example, vests and accessories such as socks and bags.

The average selling price per unit of jackets decreased from approximately HK$194.3 for the year ended 31 March 2016 to approximately HK$168.5 for the year ended 31 March 2017, mainly attributable to (i) increase in sales of jackets which have lower selling price and (ii) price adjustment in light of the significant increase in sales volume to GSM.

The average selling price per unit of jackets slightly decreased from HK$172.2 per unit for the six months ended 30 September 2016 to HK$171.0 per unit for the six months ended 30 September 2017. The decrease was due to price adjustment in light of the significant increase in sales volume to GSM.

The average selling price per unit of woven shirts slightly decreased from approximately HK$139.5 for the year ended 31 March 2016 to approximately HK$136.0 for the year ended 31 March 2017, mainly attributable to maintaining our price competitiveness on woven shirts as compared with those manufactured in South and Southeast Asian countries.

The average selling price per unit of woven shirts decreased from HK$139.3 per unit for the six months ended 30 September 2016 to approximately HK$135.7 per unit for the six months ended 30 September 2017, mainly attributable to maintaining our price competitiveness on woven shirts.

The average selling price per unit of pullovers decreased from approximately HK$124.6 for the year ended 31 March 2016 to approximately HK$111.3 for the year ended 31 March 2017, mainly because of price adjustment in light of the significant increase in sales volume to Customer A.

The average selling price per unit of pullovers decreased from approximately HK$116.6 per unit for the six months ended 30 September 2016 to approximately HK$103.5 for the six months ended 30 September 2017, mainly attributable to maintaining our price competitiveness on pullovers and to maintain business relationship with Customer A and Customer F who requested discount on pullovers for the six months ended 30 September 2017.

The average selling price per unit of pants and shorts decreased from approximately HK$120.0 for the year ended 31 March 2016 to approximately HK$110.8 for the year ended 31 March 2017, mainly because of price adjustment in light of the significant increase in sales volume to Customer C and an existing customer who had not ordered any pants and shorts in 2016.

The average selling price per unit of pants and shorts decreased from approximately HK$128.4 per unit for the six months ended 30 September 2016 to approximately HK$105.3 per unit for the six months ended 30 September 2017, mainly attributable to (i) increase in sales of pants and shorts which have lower selling price and (ii) price adjustment in light of the increase in sales volume to GSM.

The average selling price per unit of T-shirts decreased from approximately HK$71.8 for the year ended 31 March 2016 to approximately HK$63.5 for the year ended 31 March 2017, mainly due to more T-shirts with simpler design, which generally with a lower selling price, were sold during the year ended 31 March 2017.

The average selling price per unit of T-shirts decreased from approximately HK$69.3 for the six months ended 30 September 2016 to approximately HK$44.8 for the six months ended 30 September 2017, mainly attributable to (i) significant increase in sales of T-shirts to a customer which have lower selling price and (ii) price adjustment in light of the increase in sales volume to Customer A.

Location of customers

During the Track Record Period, our products were sold to over 30 countries, the majority of which were sold to the U.S. and France. Our products were also sold to other European countries such as Netherlands and United Kingdom, as well as other locations such as Australia, Canada, Japan. The following table sets out a breakdown of our revenue by geographical segments (according to the locations where our products were shipped to) during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
U.S.	69,011	73.2	73,502	63.3	40,589	57.5	35,560	50.9
France	8,165	8.7	20,909	18.0	16,541	23.4	16,162	23.1
Other European countries *(Note 1)*	2,795	3.0	5,312	4.6	3,630	5.1	3,392	4.9
Australia	4,267	4.5	3,543	3.0	1,732	2.5	6,358	9.1
Canada	5,058	5.4	3,630	3.1	2,708	3.8	729	1.0
Japan	3,022	3.2	3,921	3.4	2,676	3.8	1,866	2.7
Other locations *(Note 2)*	1,837	2.0	5,337	4.6	2,720	3.9	5,776	8.3
	94,155	100.0	116,154	100.0	70,596	100.0	69,843	100.0

Notes:

1. Other European countries include, for example, Netherlands and United Kingdom.

2. Other locations include, for example, Hong Kong, Tahiti, Israel, South Korea and Argentina.

Denomination of sales

All of our revenue were denominated in USD during the Track Record Period. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, we recorded loss due to exchange differences arising on translation of approximately HK$38,000, HK$30,000 and an exchange gain of approximately HK141,000, respectively, was mainly attributable to the translation of such transaction amounts were recognised in our consolidated statement of profit or loss according to an exchange rate of HK$7.765: US$1.00 whilst the settlement of such transaction amounts were based on the rate of exchanges prevailing on the dates of settlement. Notwithstanding the above, our Directors are of the opinion that our Group is not exposed to foreign exchange risk in respect of HKD against the USD as long as this currency is pegged.

Cost of sales

Our cost of sales represents our cost of goods sold, raw materials and consumable used, freight and transportation, laboratory test and inspection fee, declaration and license charges and other charges. For the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, our cost of sales was approximately HK$71.0 million, HK$86.4 million and HK$53.0 million, respectively.

Cost of goods sold were the largest component of our cost of sales, representing 97.0%, 97.8% and 99.1%, for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively. Cost of goods sold increased from approximately HK$68.9 million for the year ended 31 March 2016 to approximately HK$84.5 million for the year ended 31 March 2017, representing an increase of approximately 22.6%. Such increase was in line with the increase in revenue.

Cost of goods sold increased from approximately HK$51.6 million for the six months ended 30 September 2016 to approximately HK$52.5 million for the six months ended 30 September 2017. Such increase was in line with the increase in total sales volume.

Other purchase cost, including raw materials and consumables used, freight and transportation, laboratory test, inspection fee, declaration and license charges and other charges, decreased from approximately HK$2.1 million for the year ended 31 March 2016 to approximately HK$1.9 million for the year ended 31 March 2017, representing a decrease of approximately 9.5%. Such decrease was mainly attributable to decrease in purchase of fabric during the year ended 31 March 2017. As for the six months ended 30 September 2017, other purchase cost increased by approximately HK$0.4 million which was mainly attributable to the increase in declaration and license charges.

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our cost of goods sold on our profit during the Track Record Period. The hypothetical fluctuation rates are set at 23.0%, which is approximately the maximum fluctuation rate during the Track Record Period:

Hypothetical fluctuations in cost of goods sold	**-23%**	**+23%**
	HK$'000	*HK$'000*
Increase/(Decrease) in profit before tax		
Year ended 31 March 2016	15,845	(15,845)
Year ended 31 March 2017	19,445	(19,445)
Six months ended 30 September 2017	12,076	(12,076)
Increase/(Decrease) in profit after tax		
Year ended 31 March 2016	13,231	(13,231)
Year ended 31 March 2017	16,237	(16,237)
Six months ended 30 September 2017	10,083	10,083

Set out below are the average purchase cost per unit of finished product purchased from our suppliers for each product category during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	Average purchase cost	**Average purchase cost**	**Average purchase cost**	**Average purchase cost**
	(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*
	HK$	*HK$*	*HK$*	*HK$*
			(unaudited)	
Jackets	149.1	127.3	128.0	134.8
Woven shirts	103.8	104.9	105.8	103.3
Pullovers	94.3	83.9	86.8	74.0
Pants and shorts	90.8	78.5	85.7	69.2
T-shirts	52.0	44.8	44.5	30.5
Other products *(Note 2)*	103.9	131.2	139.2	87.0
Overall	98.2	93.9	99.9	96.3

Notes:

1. The average purchase cost represents the purchase cost for the year divided by the total volume for that year.

2. Other products include, for example, vests and accessories such as socks and bags.

Denomination of cost of sales

Payment made by our Group for settlement of cost of goods sold and other purchase cost are made in HKD, USD and RMB. We did not use any derivative instruments in foreign currency to hedge the risk against foreign currency exchange fluctuations during the Track Record Period. Our Group is not exposed to foreign exchange risk in respect of HKD against USD as long as this currency is pegged. The transactions denominated in RMB are minimal, our Directors considered there have no significant foreign exchange risk in respect of RMB.

Gross profit and gross profit margin

Set out below are the gross profit and gross profit margin for each product type during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Jackets	8,845	23.3	12,454	24.5	9,247	25.6	9,636	21.2
Woven shirts	3,862	25.6	3,970	22.9	2,236	24.1	1,565	23.8
Pullover	1,695	24.3	3,487	24.6	2,660	25.6	920	28.5
Pants and shorts	3,817	24.3	5,651	29.1	2,101	33.2	2,756	34.3
T-shirts	4,073	27.5	3,167	29.5	2,219	35.8	1,683	31.9
Other products *(Note)*	910	25.4	981	27.1	493	21.3	292	23.3
Overall	23,202	24.6	29,710	25.6	18,956	26.9	16,852	24.1

Note: Other products include, for example, vests and accessories such as socks and bags.

Other income

During the Track Record Period, other income primarily consists of (i) insurance claim derived from claim of labour insurance due to minor work-related personal injuries and compensation for water pipe damage; (ii) bank interest income; (iii) trade claim received are claims derived from factories for damaged goods and late delivery; (iv) staff welfare sponsorship; (v) sundry income comprises of sponsorship for annual dinner; and (vi) compensation income derived from penalty of late payment from customers.

The following table sets out our other income during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Interest income	2	2	1	2
Trade claim received	122	204	127	465
Insurance claim	23	289	–	–
Compensation income	175	180	150	–
Staff welfare sponsorship	36	55	7	–
Sundry income	84	171	98	55
	442	901	383	522

Other (losses)/gains

Other losses/gains primarily comprises (i) net foreign exchange loss/gain, (ii) impairment loss recognised in respect of trade receivables and (iii) reversal of impairment loss in respect of trade receivables.

The table below set forth the components of our other losses during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Net foreign exchange (loss)/gain	(38)	(30)	29	141
Reversal of impairment loss in respect of trade receivables	–	–	–	109
Impairment loss recognised in respect of trade receivables	(782)	(128)	–	–
	(820)	(158)	29	250

Selling and distribution expenses

Our selling and distribution expenses primarily consists of (i) commission paid to sales agent for referral of customers; (ii) oversea travelling; (iii) mandatory provident fund; and (iv) salaries for merchandising staff.

The table below set forth the components of our selling and distribution expenses during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Commission paid	55	1.1	14	0.3	14	0.6	–	–
Oversea travelling	581	11.6	629	13.0	403	16.3	191	8.3
Mandatory provident fund	206	4.1	195	4.0	97	3.9	99	4.3
Salaries	4,151	83.2	3,995	82.7	1,963	79.2	2,001	87.4
Total	4,993	100.0	4,833	100.0	2,477	100.0	2,291	100.0

Administrative expenses

Administrative expenses primarily comprises (i) staff costs and benefits; (ii) rent and rates; (iii) director's emolument; (iv) legal and professional fee for legal fee related to the civil litigation claims with one of our customers, details of which are set out in the paragraph headed "Legal compliance and litigation" under the section headed "Business", accountancy fee and company secretarial service fee; and (v) entertainment expenses.

The table below set forth the components of our administrative expenses during the Track Record Period:

	Year ended 31 March				Six months ended 30 September			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Audit fee	26	0.5	95	1.3	10	0.2	10	0.3
Bank charge	133	2.4	149	2.0	88	2.2	110	2.9
Depreciation	195	3.5	194	2.6	95	2.3	98	2.6
Directors' emolument	836	15.1	1,210	16.1	1,200	29.3	648	17.2
Entertainment	574	10.3	539	7.2	194	4.7	169	4.5
Legal and professional fees	303	5.5	1,051	14.0	558	13.6	727	19.3
Office expenses	549	9.9	824	11.0	364	8.9	302	8.0
Travelling	429	7.7	522	6.9	286	7.0	281	7.5
Recruitment expenses	7	0.1	18	0.2	6	0.1	12	0.3
Rent and rates	917	16.5	948	12.6	453	11.1	472	12.5
Staff compensation	–	–	85	1.1	–	–	–	–
Staff costs and benefits	1,581	28.5	1,881	25.0	845	20.6	936	24.9
Total	5,550	100.0	7,516	100.0	4,099	100.0	3,765	100.0

Finance costs

Our finance costs represent bank loan and overdrafts interest. The table below set forth the components of our finance costs during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Bank overdrafts interest	232	200	144	145
Loan interest	211	144	86	87
	443	344	230	232

Income tax expenses

The amounts of income tax expenses in the consolidated statements of profit or loss represent:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Current tax – Hong Kong Profits Tax				
– Charge for the year/period	1,922	2,905	2,073	1,870
– Under-provision in prior year/period	–	75	–	–
	1,922	2,980	2,073	1,870
Deferred tax				
– Charge for the year/period	9	10	–	–
– Effect of revision of commercial building allowance by the Inland Revenue Department	–	27	–	–
	9	37	–	–
	1,931	3,017	2,073	1,870

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

The income tax expenses for the Track Record Period can be reconciled to the profit before tax per the combined statements of profit or loss as follows:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Profit before tax	11,838	17,535	12,562	720
Tax at Hong Kong Profits Tax rate of 16.5%	1,953	2,893	2,073	119
Tax effect of expenses not deductible for tax purpose	18	62	–	1,751
Tax reduction	(40)	(40)	–	–
Under-provision in prior year	–	102	–	–
Income tax expense	1,931	3,017	2,073	1,870

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. For further details, please refer to Note 16 and 28 of the Accountants' Report set out in Appendix I to this prospectus.

Our Directors confirm that we had paid all relevant taxes and was not subject to any disputes or tax issues during the Track Record Period.

COMPARISON OF RESULTS OF OPERATIONS

Six months ended 30 September 2017 compared to six months ended 30 September 2016

Revenue

Our revenue slightly decreased by approximately 1.1% or approximately HK$0.8 million from approximately HK$70.6 million for the six months ended 30 September 2016 to approximately HK$69.8 million for the six months ended 30 September 2017. The decrease in revenue was mainly attributable to the decrease in the average selling price from HK$136.5 per unit for the six months ended 30 September 2016 to approximately HK$126.9 per unit for the six months ended 30 September 2017 notwithstanding the increase in total sales volume from 517,081 units to 550,403 units. Set out below are detailed analysis of the revenue by product types and geographical locations.

Revenue by geographical locations

The decrease in our revenue for the six months ended 30 September 2017 was mainly due to the combined factors of the U.S., French and Australian markets.

Revenue generated from the U.S. market decreased by approximately 12.3% or approximately HK$5.0 million from approximately HK$40.6 million for the six months ended 30 September 2016 to approximately HK$35.6 million for the six months ended 30 September 2017. The decrease in revenue was mainly due to (i) decrease in average selling price of jacket from GSM of approximately HK$145.8 per unit for the six months ended 30 September 2016 to approximately HK$129.0 per unit for the six months ended 30 September 2017 as a result of price adjustment in light of the significant increase in sales volume of 39,497 units; (ii) decrease in average selling price of T-shirts from approximately HK$69.3 per unit for the six months ended 30 September 2016 to approximately HK$44.8 per unit for the six months ended 30 September 2017 with reasons as discussed in paragraph headed "Average selling price" in this section; and (iii) decrease in sales volume in jackets to an existing customer by approximately 8,807 units, which ceased placing orders to us following the change of their director of product in or about April 2017.

Revenue generated from the France market remained stable from approximately HK$16.5 million for the six months ended 30 September 2016 to approximately HK$16.2 million for the six months ended 30 September 2017.

Revenue generated from the Australia market increased significantly by approximately 276.5% or approximately HK$4.7 million from approximately HK$1.7 million for the six months ended 30 September 2016 to approximately HK$6.4 million for the six months ended 30 September 2017. The increase in revenue was mainly due to (i) increase in sales volume of jackets to two new customers by 12,024 units for the six months ended 30 September 2017; (ii) increase in sales volume of woven shirts by 5,620 units and T-shirts by 3,106 units to an existing customer for the six months ended 30 September 2017, resulting from increase of sales effort by visiting customers in Australia.

Revenue by product types

Revenue generated from the sale of jackets increased by approximately 26.0% or approximately HK$9.4 million from approximately HK$36.1 million for the six months ended 30 September 2016 to approximately HK$45.5 million for the six months ended 30 September 2017. The increase in revenue was mainly due to (i) increase in sales to GSM by approximately HK$5.1 million; and (ii) increase in sales to four new customers by approximately HK$9.4 million.

Revenue generated from the sale of woven shirts decreased by approximately 29.0% or approximately HK$2.7 million from approximately HK$9.3 million for the six months ended 30 September 2016 to approximately HK$6.6 million for the six months ended 30 September 2017. The decrease in revenue was mainly due to the decrease in sales volume from 66,680 units for the six months ended 30 September 2016 to 48,384 units for the six months ended 30 September 2017, mainly attributable to loss of sales volume to Customer A and Customer C of approximately 9,370 units and 11,205 units respectively.

Revenue generated from the sale of pullovers decreased by approximately 69.2% or approximately HK$7.2 million from approximately HK$10.4 million for the six months ended 30 September 2016 to approximately HK$3.2 million for the six months ended 30 September 2017. The decrease in revenue was mainly due to (i) significant decrease in sales volume from 89,118 units for the six months ended 30 September 2016 to 31,202 units for the six months ended 30 September 2017, mainly attributable to loss of sales volume to Customer A, Customer C and Customer F by approximately 26,329 units, 8,046 units and 3,230 units respectively; (ii) decrease in sales volume to two existing customers by 20,835 units; and (iii) decrease in average selling price of pullovers from approximately HK$116.6 per unit for the six months ended 30 September 2016 to approximately HK$103.5 per unit for the six months ended 30 September 2017.

Revenue generated from the sale of pants and shorts increased by approximately 27.0% or approximately HK$1.7 million from approximately HK$6.3 million for the six months ended 30 September 2016 to approximately HK$8.0 million for the six months ended 30 September 2017. The increase in revenue was mainly due to (i) increase in sales to two existing customers of approximately HK$1.5 million which did not order any pants and shorts in 2016; and (ii) increase in sales to an existing customer by approximately HK$0.6 million for the six months ended 30 September 2017, notwithstanding a decrease in average selling price from approximately HK$128.4 per unit for the six months ended 30 September 2016 to approximately HK$105.3 per unit for the six months ended 30 September 2017 with reasons as discussed in paragraph headed "Average selling price" in this section.

Revenue generated from the sale of T-shirt decreased by approximately 14.5% or approximately HK$0.9 million from approximately HK$6.2 million for the six months ended 30 September 2016 to approximately HK$5.3 million for the six months ended 30 September 2017. The decrease in revenue was mainly due to significant decrease in average selling price of T-shirts from approximately HK$69.3 per unit for the six months ended 30 September 2016 to approximately HK$44.8 per unit for the six months ended 30 September 2017 notwithstanding an increase in sales volume from 89,448 units for the six months ended 30 September 2016 to 117,534 units for the six months ended 30 September 2017.

Cost of Sales

Our cost of sales increased from approximately HK$51.6 million for the six months ended 30 September 2016 to approximately HK$53.0 million for the six months ended 30 September 2017, representing an increase of approximately 2.7%. Such increase was mainly due to the increase in total sales volume of 33,322 units notwithstanding a decrease in average purchase cost per unit from approximately HK$99.9 for the six months ended 30 September 2016 to approximately HK$96.3 for the six months ended 30 September 2017.

Gross profit and gross profit margin

Our gross profit amounted to approximately HK$19.0 million and HK$16.9 million for the six months ended 30 September 2016 and 30 September 2017 respectively. Our overall gross profit margin was approximately 26.9% and 24.1% respectively. Set out below are detailed analysis of gross profit and gross profit margin by product types.

Our gross profit of jackets increased from approximately HK$9.2 million for the six months ended 30 September 2016 to approximately HK$9.6 million for the six months ended 30 September 2017, which is in line with our increase in revenue of jackets for the six months ended 30 September 2017. Details of which are set out in the paragraph headed "Revenue by product types" in this section. Our gross profit margin of jackets decreased from approximately 25.6% for the six months ended 30 September 2016 to approximately 21.2% for the six months ended 30 September 2017. Such decrease was mainly due to (i) decrease in average selling price with reasons as discussed in paragraph headed "Average selling price" in this section; and (ii) increase in average purchase cost per unit from approximately HK$128.0 for the six months ended 30 September 2016 to approximately HK$134.8 for the six months ended 30 September 2017 due to higher purchase costs incurred to accommodate the designated delivery timeframe as requested by our new customers.

Our gross profit of woven shirts decreased from approximately HK$2.2 million for the six months ended 30 September 2016 to approximately HK$1.6 million for the six months ended 30 September 2017. Such decrease is in line with the decrease in revenue of woven shirts, details of which are set out in the paragraphs headed "Revenue by product types" in this section. Our gross profit margin of woven shirts slightly decreased from approximately 24.1% to 23.8%, which remained stable.

Our gross profit of pullovers decreased from approximately HK$2.7 million for the six months ended 30 September 2016 to approximately HK$0.9 million for the six months ended 30 September 2017. Such decrease was in line with the decrease in revenue of pullovers, details of which are set out in the paragraphs headed "Revenue by product types" in this section. Our gross profit margin of pullovers increased from approximately 25.6% for the six months ended 30 September 2016 to approximately 28.5% for the six months ended 30 September 2017. Such increase was mainly attributable to cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufactures towards north of the PRC.

Our gross profit of pants and shorts increased from approximately HK$2.1 million for the six months ended 30 September 2016 to approximately HK$2.8 million for the six months ended 30 September 2017. Such increase was in line with the increase in revenue of pants and shorts, details of which are set out in the paragraphs headed "Revenue by product types" in this section. Our gross profit margin of pants and shorts increased from approximately 33.2% for the six months ended 30 September 2016 to approximately 34.3% for the six months ended 30 September 2017. Such increase was mainly due to (i) increase in revenue of pants and shorts; and(ii) cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufactures towards north of the PRC.

Our gross profit of T-shirts decreased from approximately HK$2.2 million for the six months ended 30 September 2016 to approximately HK$1.7 million for the six months ended 30 September 2017. Such decrease was in line with the decrease in revenue of T-shirts, details of which are set out in the paragraphs headed "Revenue by products types" in this section. Our gross profit margin of T-shirts decreased from approximately 35.8% for the six months ended 30 September 2016 to approximately 31.9% for the six months ended 30 September 2017. Such decrease was mainly due to the decrease of the average selling price with reasons as discussed in paragraph headed "Average selling price" in this section notwithstanding the cost reduction as a result of our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufactures towards north of the PRC.

Other income

Our other income increased from approximately HK$0.4 million for the six months ended 30 September 2016 to approximately HK$0.5 million for the six months ended 30 September 2017, mainly attributable to (i) decrease of compensation income of approximately HK$0.2 million derived from penalty of late payment from customers; and (ii) increase of trade claim received of approximately HK$0.3 million.

Other gains

Our other gains increased from approximately HK$29,000 for the six months ended 30 September 2016 to approximately HK$0.3 million for the six months ended 30 September 2017. Such increase was mainly attributable to (i) the reversal of impairment loss in respect of trade receivables from a U.S. customer of approximately HK$0.1 million and (ii) net foreign exchange gain arising for the translation of sales transactions denominated in USD from approximately HK$29,000 for the six months ended 30 September 2016 to approximately HK$0.1 million for the six months ended 30 September 2017.

Selling and distribution expenses

Our selling and distribution expenses decreased from approximately HK$2.5 million for the six months ended 30 September 2016 to approximately HK$2.3 million for the six months ended 30 September 2017, mainly attributable to the decrease of oversea travelling of approximately HK$0.2 million.

Administrative expenses

Our administrative expenses decreased from approximately HK$4.1 million for the six months ended 30 September 2016 to approximately HK$3.8 million for the six months ended 30 September 2017, mainly attributable to the decrease of directors' emolument of approximately HK$0.6 million.

Finance costs

Our finance cost remained stable at approximately HK$2.3 million for the six months ended 30 September 2016 and 2017.

Profit before tax

Our profit before income tax decreased from approximately HK$12.6 million for the six months ended 30 September 2016 to approximately HK$0.7 million for the six months ended 30 September 2017, mainly attributable to the increase of Listing expenses of HK$10.6 million and the effect of the abovementioned factors.

Income tax

Our income tax decreased from approximately HK$2.1 million for the six months ended 30 September 2016 to approximately HK$1.9 million for the six months ended 30 September 2017, representing an decrease of approximately 9.5%. Such decrease was mainly attributable to decrease of our Group's assessable profits for the six months ended 30 September 2017.

The effective tax rate for each of the six months ended 30 September 2016 and 2017 were approximately 16.5% and 259.7% respectively. The increase in the effective tax rate was mainly due to the Listing expenses were non-deductible for tax purpose.

Profit and total comprehensive income for the year attributable to owners of our Company

The profit and total comprehensive income for the year attributable to owners of our Company decreased from approximately HK$10.5 million for the six months ended 30 September 2016 to a loss of approximately HK$1.2 million for the six months ended 30 September 2017. Such decrease was mainly attributable to the increase of Listing expenses of HK$10.6 million and the combined effect of the abovementioned items.

Year ended 31 March 2017 compared to year ended 31 March 2016

Revenue

Our revenue increased by approximately 23.4%, or approximately HK$22.0 million from approximately HK$94.2 million for the year ended 31 March 2016 to approximately HK$116.2 million for the year ended 31 March 2017. The increase in revenue was mainly attributable to the increase in our total sales volume from 722,493 units for the year ended 31 March 2016 to 921,075 units for the year ended 31 March 2017. Set out below are detailed analysis of the revenue by product types and geographical locations.

Revenue by geographical locations

The increase in our revenue for the year ended 31 March 2017 was mainly due to the combined factors of the U.S. and France markets.

Revenue generated from the U.S. market increased by approximately 6.5% or approximately HK$4.5 million from approximately HK$69.0 million for the year ended 31 March 2016 to approximately HK$73.5 million for the year ended 31 March 2017. The increase in revenue was mainly due to (i) the increase in sales volume of pullover from existing customers shipped to the U.S. from 50,972 units for the year ended 31 March 2016 to 101,819 units for the year ended 31 March 2017 and (ii) the increase in sales volume of pants and shorts from existing customers shipped to the U.S. from 103,051 units for the year ended 31 March 2016 to 124,914 units for the year ended 31 March 2017.

During the financial year ended 31 March 2017, we increased our sales effort by proactively communicating with GSM in France and arranged face to face meeting with them in France or in Hong Kong more often. As such, we obtained significant sales order in jackets from GSM. Hence, revenue generated from France market increased by approximately 154.9% or approximately HK$12.7 million from approximately HK$8.2 million for the year ended 31 March 2016 to approximately HK$20.9 million for the year ended 31 March 2017. The increase in revenue was mainly due to (i) the increase in sales volume of jackets from existing customers shipped to France from 40,182 units for the year ended 31 March 2016 to 108,085 units for the year ended 31 March 2017, in particular sales volume of jackets from GSM shipped to

France increased from 39,356 units to 104,888 units; and (ii) the increase in sales volume of pants and shorts from existing customers shipped to France from 2,843 units for the year ended 31 March 2016 to 14,107 units for the year ended 31 March 2017.

Revenue by product types

Revenue generated from the sale of jackets increased by approximately 33.9% or approximately HK$12.9 million from approximately HK$38.0 million for the year ended 31 March 2016 to approximately HK$50.9 million for the year ended 31 March 2017. The increase in revenue was mainly due to increase in sales to GSM of approximately HK$12.0 million as a result of the increase in sales volume from 71,314 units for the year ended 31 March 2016 to 160,243 units for the year ended 31 March 2017 notwithstanding a decrease in the average selling price of jackets from approximately HK$194.3 per unit to approximately HK$168.5 per unit with reasons as discussed in paragraph headed "Average selling price" in this section.

Revenue generated from the sale of woven shirts increased by approximately 15.2% or approximately HK$2.3 million from approximately HK$15.1 million for the year ended 31 March 2016 to approximately HK$17.4 million for the year ended 31 March 2017. The increase in revenue was mainly due to increase of sales to Customer F of approximately HK$1.0 million as a result of the increase in sales volume from 52 units for the year ended 31 March 2016 to 7,736 units for the year ended 31 March 2017 and increase in sales to an existing customer who ordered sample only for the year ended 31 March 2016, started to place bulk order to us for the year ended 31 March 2017, of approximately HK$1.3 million as a result of the increase in sales volume from 45 units for the year ended 31 March 2016 to 12,622 units for the year ended 31 March 2017 notwithstanding a decrease in the average selling price of woven shirts from approximately HK$139.5 per unit to approximately HK$136.0 per unit with reasons as discussed in paragraph headed "Average selling price" in this section.

Revenue generated from the sale of pullovers increased by approximately 102.9% or approximately HK$7.2 million from approximately HK$7.0 million for the year ended 31 March 2016 to approximately HK$14.2 million for the year ended 31 March 2017. The increase in revenue was mainly due to (i) the increase in sales to Customer A of approximately HK$3.4 million; (ii) the increase in sales to Customer C of approximately HK$0.8 million as a result of the sales volume increased from 1,177 units for the year ended 31 March 2016 to 8,416 units for the year ended 31 March 2017; (iii) the increase in sales to Customers F of approximately HK$0.7 million as a result of the increase in sales volume from 3,157 units for the year ended 31 March 2016 to 7,321 units for the year ended 31 March 2017; and (iv) the increase in sales to an existing customer of approximately HK$1.4 million as a result of the increase in sales volume from 1,810 units for the year ended 31 March 2016 to 14,082 units for the year ended 31 March 2017, notwithstanding a decrease in the average selling price of pullovers from approximately HK$124.6 per unit to approximately HK$111.3 per unit with reasons as discussed in paragraph headed "Average selling price" in this section.

Revenue generated from the sale of pants and shorts increased by approximately 23.6% or approximately HK$3.7 million from approximately HK$15.7 million for the year ended 31 March 2016 to approximately HK$19.4 million for the year ended 31 March 2017. The increase in revenue was mainly due to (i) the increase in sales to Customer C of approximately HK$1.4 million as a result of the increase in sales volume from 18,587 units for the year ended 31 March 2016 to 24,801 units for the year ended 31 March 2017 and (ii) the sales to an existing customer of approximately HK$2.1 million which did not order any pants and shorts in 2016 notwithstanding a decrease in average selling price of pants and shorts from approximately HK$120.0 per unit to approximately HK$110.8 per unit with reason as discussed in paragraph headed "Average selling price" in this section.

Revenue generated from the sale of T-shirts decreased by approximately 27.7% or approximately HK$4.1 million from approximately HK$14.8 million for the year ended 31 March 2016 to approximately HK$10.7 million for the year ended 31 March 2017. The decrease in revenue was mainly due to (i) decrease of sales volume from 206,275 units for the year ended 31 March 2016 to 169,145 units for the year ended 31 March 2017, mainly attributable to loss of sales volume of 9,789 units from a customer who we had a litigation claim against it during the Track Record Period and decrease in sales volume from Customer A from 45,198 units for the year ended 31 March 2016 to 10,514 units for the year ended 31 March 2017; and (ii) the decrease in average selling price of T-shirts with reason as discussed in paragraph headed "Average selling price" in this section.

Cost of sales

Our cost of sales increased from approximately HK$71.0 million for the year ended 31 March 2016 to approximately HK$86.4 million for the year ended 31 March 2017, representing an increase of approximately 21.7%. Such increase was in line with the increase in revenue.

Gross profit and gross profit margin

Our gross profit amounted to approximately HK$23.2 million and HK$29.7 million for each of the two years ended 31 March 2016 and 2017, respectively. Our overall gross profit margin was approximately 24.6% and 25.6% respectively. Set out below are detailed analysis of gross profit and gross profit margin by product types.

Our gross profit of jackets increased from approximately HK$8.8 million for the year ended 31 March 2016 to approximately HK$12.5 million for year ended 31 March 2017, which is in line with our increase in revenue of jackets for the year ended 31 March 2017, details of which are set out in the paragraphs headed "Revenue by product types" in this section. Our gross profit margin of jackets increased from approximately 23.3% for the year ended 31 March 2016 to approximately 24.5% for the year ended 31 March 2017. Such increase in gross profit margin was primarily due to (i) the increase in revenue of jackets; (ii) the cost reduction resulted from the increase in purchase volume, which lead to decrease in unit purchase cost; and (iii) the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) to accommodate the rising purchase cost due to rising labour costs, which in line with our business strategy to establish a quality control office in the city of Ningbo of Zhejiang Province, the PRC.

Our gross profit of woven shirts increase from approximately HK$3.9 million for the year ended 31 March 2016 to approximately HK$4.0 million for the year ended 31 March 2017, which is in line with our increase in revenue of woven shirts for the year ended 31 March 2017, details of which are set out in the paragraph headed "Revenue by product types" in this section. Our gross profit margin of woven shirts decreased from approximately 25.6% for the year ended 31 March 2016 to approximately 22.9% for the year ended 31 March 2017. Such decrease in our gross profit margin of woven shirts was primarily due to (i) our price adjustment to maintain our woven shirts price competitiveness against our competitors who manufacture woven shirts in South and Southeast Asia countries generally with a lower cost; and (ii) our average purchase cost of woven shirts remained relatively stable.

Our gross profit of pullovers increase from approximately HK$1.7 million for the year ended 31 March 2016 to approximately HK$3.5 million for the year ended 31 March 2017 which is in line with our increase in revenue of pullovers for the year ended 31 March 2017, details of which are set out in the paragraph headed "Revenue by product types" in this section. Our gross profit margin of pullovers was approximately 24.3% and 24.6% respectively, which remained stable.

Our gross profit of pants and shorts increased from approximately HK$3.8 million for the year ended 31 March 2016 to approximately HK$5.7 million for the year ended 31 March 2017 which is in line with our increase in revenue of pants and shorts for the year ended 31 March 2017, details of which are set out in the paragraph headed "Revenue by product types" in this section. Our gross profit margin of pants and shorts increased from approximately 24.3% for the year ended 31 March 2016 to approximately 29.1% for the year ended 31 March 2017. Such increase was primarily due to (i) the increase in revenue of pants and shorts; (ii) the cost reduction resulted from the increase in purchase volume, which lead to decrease in unit purchase cost; and (iii) the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection to manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) to accommodate the rising purchase cost due to rising labour costs, which in line with our business strategy to establish a quality control office in the city of Ningbo of Zhejiang Province, the PRC.

Our gross profit of T-shirts decreased from approximately HK$4.1 million for the year ended 31 March 2016 to approximately HK$3.2 million for the year ended 31 March 2017, which is in line with our decrease in revenue of T-shirts for the year ended 31 March 2017, details of which are set out in the paragraph headed "Revenue by product types" in this section. Our gross profit margin of T-shirts increased from approximately 27.5% for the year ended 31 March 2016 to approximately 29.5% for the year ended 31 March 2017. Notwithstanding the decrease in sales and average selling price of T-shirts, the increase in gross profit margin was mainly attributable to the cost reduction resulted from our strategy to diversify our list of approved suppliers to suppliers with production facilities or with connection with manufacturers towards north of the PRC (e.g. city of Ningbo of Zhejiang Province, the PRC) to accommodate the rising purchase cost due to rising labour costs, which in line with our business strategy to establish a quality control office in the city of Ningbo of Zhejiang Province, the PRC.

Other income

Our other income increased from approximately HK$0.4 million for the year ended 31 March 2016 to approximately HK$0.9 million for the year ended 31 March 2017, representing an increase of approximately 125%. Such increase was primarily attributable to insurance claim income of approximately HK$0.3 million arising from claim of labour insurance arising from 2 minor injuries from employee and compensation for water pipe damage.

Other losses

Our other losses decreased from approximately HK$0.8 million for the year ended 31 March 2016 to approximately HK$0.2 million for the year ended 31 March 2017, representing a decrease of approximately 75.0%. Such decrease was primarily attributable to the non-recurring impairment loss made on trade receivable for a customer in relation to the litigation claims in 2016.

Selling and distribution expenses

Our selling and distribution expenses decreased from approximately HK$5.0 million for the year ended 31 March 2016 to approximately HK$4.8 million for the year ended 31 March 2017, representing a decrease of approximately 4.0%. Such decrease was primarily attributable to the decrease in total salaries paid to merchandising staff of approximately HK$0.2 million.

Administrative expenses

Our administrative expenses increased from approximately HK$5.6 million for the year ended 31 March 2016 to approximately HK$7.5 million for the year ended 31 March 2017, representing an increase of approximately 33.9%. Such increase was primarily attributable to increase in (i) staff cost and benefits of approximately HK$0.3 million due to annual salary adjustment; (ii) director's emolument of approximately HK$0.4 million; and (iii) legal and professional fees of approximately HK$0.7 million incurred for engagement of legal adviser in relation to litigation claims against one of our customer.

Finance costs

Our finance costs decreased from approximately HK$0.4 million for the year ended 31 March 2016 to approximately HK$0.3 million for the year ended 31 March 2017, representing a decrease of approximately 25.0%. Such decrease was primarily attributable to the repayment of the bank borrowings of HK$3.0 million.

Profit before tax

As a result of the effect of the above factors, our profit before income tax increased from approximately HK$11.8 million for the year ended 31 March 2016 to approximately HK$17.5 million for the year ended 31 March 2017.

Income tax

Our income tax increased from approximately HK$1.9 million for the year ended 31 March 2016 to approximately HK$3.0 million for the year ended 31 March 2017, representing an increase of approximately 57.9%. Such increase was primarily attributable to increase in our Group's assessable profits for the year ended 31 March 2017.

The effective tax rate for the each of the two years ended 31 March 2016 and 2017 were approximately 16.3% and 17.2%, respectively. The increase in the effective tax rate was mainly due to (i) the Listing expenses were non-deductible for tax purpose; and (ii) the effect of under-provision of tax in 2016.

Profit and total comprehensive income for the year attributable to owners of our Company

The profit and total comprehensive income for the year attributable to owners of our Company increased from approximately HK$9.9 million for the year ended 31 March 2016 to approximately HK$14.5 million for the year ended 31 March 2017, representing an increase of approximately 46.5%. Such increase was due to the combined effect of the abovementioned items.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, our operations were generally financed through a combination of net cash flow generated from our operating activities, bank borrowings and amounts due from related parties. As at 30 September 2017, we had approximately HK$4.1 million in cash and cash equivalents. Our cash and cash equivalents primarily consist of bank balances and cash, net of bank overdrafts.

Cash flow

The following table sets forth selected cash flows data from our consolidated statements of cash flows for the years included:

	Year ended 31 March		The six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Net cash generated from/(used in) operating activities	12,085	12,095	6,356	(1,662)
Net cash (used in)/generated from investing activities	(1,142)	5,582	(34)	(3,709)
Net cash (used in)/generated from financing activities	(877)	(19,971)	(5,511)	4,107
Cash and cash equivalents, net of bank overdrafts, at beginning of the year/period	(2,372)	7,694	7,694	5,400
Cash and cash equivalents, net of bank overdrafts, at the end of the year/period	7,694	5,400	8,505	4,136

Net cash generated from operating activities

Our cash inflow for operating activities is primarily derived from the sales of apparel products. Our cash outflow for operating activities is primarily used for purchase of finished goods from our suppliers, selling, administrative and other operative expenses and taxes. Cashflow from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from our customers and payment of trade payables to our suppliers during the ordinary course of our business. Net cash generated from operating activities primarily consisted of profit before income tax adjusted for interest income, finance costs, depreciation, impairment loss recognised in respect of trade receivables, and the effect of changes in working capital such as increase and decrease in trade receivables, deposits and prepayments and trade payables.

For the year ended 31 March 2016, our net cash generated from operating activities was approximately HK$12.1 million, reflecting cash generated from operations of approximately HK$12.6 million, which was offset by the income tax paid of approximately HK$0.5 million. Our operating cash flow before movements was approximately HK$13.3 million. Negative changes in working capital mainly reflected (i) an increase in trade receivables of approximately HK$4.0 million resulting from an increase in sales as compared to prior year; (ii) an increase in deposits and prepayments of approximately HK$2.7 million as more trade deposit was paid to the suppliers, which in line with an increase in sales as compared to prior year; and (iii) increase in goods-in-transit of approximately HK$0.7 million as several orders were shipped just before the fiscal year end, which was offset by (i) increase in trade payables of approximately HK$3.2 million resulting from increase of purchase order near the fiscal year end; and (ii) increase in trade deposits received of approximately HK$3.5 million resulting from more sales order in process at the end of fiscal year compared to 2015.

For the year ended 31 March 2017, our net cash generated from operating activities was approximately HK$12.1 million, reflecting cash generated from operations of approximately HK$14.7 million, which was offset by the income tax paid of approximately HK$2.6 million. Our operating cash flow before movements was approximately HK$18.2 million. Negative changes in working capital mainly reflected (i) an increase in goods-in-transit of approximately HK$1.4 million as more products were delivered to our customers on DDP terms near the fiscal year end; (ii) decrease in trade payables of approximately HK$1.6 million as there was a long outstanding trade payables in 2016, which had been repaid in 2017; (iii) decrease in other payables and accruals of approximately HK$1.4 million resulting from the payment of other payable of approximately HK$0.9 million; (iv) decrease in trade deposits received of approximately HK$0.6 million; and (v) increase in trade receivables of approximately HK$1.0 million which was in line with the increase in revenue for the year ended 31 March 2017, and was offset by the decrease in deposits and prepayments of approximately HK$2.5 million which was mainly due to the time lag involved with the interval from receipt of customers' orders to payment of deposits to the suppliers during the fiscal year end.

For the six months ended 30 September 2017, our net cash used in operating activities was approximately HK$1.7 million. Our operating cash flow before movements was approximately HK$1.0 million. Negative changes in working capital mainly reflected (i) increase in trade receivables of approximately HK$13.0 million as longer credit terms has been provided to new customers; (ii) increase in trade deposit and other receivables of approximately HK$0.8 million; (iii) decrease in trade deposit received of approximately HK$2.3 million resulting from less new order in process on 30 September 2017 as compared to 31 March 2017 as our peak seasons are from May to August; and was offset by (i) decrease in goods-in-transit of approximately HK$1.2 million; (ii) increase in other payables and accruals of approximately HK$3.8 million resulting from increase in Listing expenses; and (iii) increase in trade payables of approximately HK$8.4 million resulting from increase in sales near to the period ended 30 September 2017 as compared to 31 March 2017.

Net cash (used in)/generated from investing activities

Our cash inflow from investing activities primarily consists of (i) the decrease in amounts due from related companies; and (ii) the interest received, whereas our cash outflow from investing activities primarily include (i) the purchase of property, plant and equipment; (ii) the increase in amounts due from related companies; and (iii) the increase in amount due from a shareholder.

For the year ended 31 March 2016, our net cash used in investing activities was approximately HK$1.1 million. The amount was mainly attributable to the increase in amounts due from related parties of approximately HK$1.1 million.

For the year ended 31 March 2017, our net cash generated from investing activities was approximately HK$5.6 million. The amount was mainly attributable to the decrease in amounts due from related companies of approximately HK$10.6 million, and was offset by the increase in amount due from a shareholder of approximately HK$4.9 million.

For the six months ended 30 September 2017, our net cash used in investing activities was approximately HK$3.7 million. The amount was mainly attributable to the decrease in amounts due from related companies of approximately HK$0.5 million, and was offset by the increase in amount due from a shareholder of approximately HK4.1 million.

Net cash used in financing activities

Our cash inflow from financing activities primarily consists of (i) the proceeds from bank borrowings; and (ii) the increase in amount due to a related company, whereas our cash outflow from financing activities primarily includes (i) the dividend paid to the shareholders; (ii) repayment of bank borrowings; (iii) decrease in amount due to a shareholder; (iv) decrease in amount due to a related company; and (v) the interest paid.

For the year ended 31 March 2016, our net cash used in financing activities was approximately HK$0.9 million. The amount was mainly attributable to (i) decrease in amount due to a shareholder of approximately HK$3.2 million; (ii) repayment of bank borrowings of approximately HK$1.6 million; and (iii) the interest paid of approximately HK$0.4 million; and was offset by (i) the proceeds from bank borrowings of approximately HK$4.0 million; and (ii) increase in amount due to a related company of approximately HK$0.4 million.

For the year ended 31 March 2017, our net cash used in financing activities was approximately HK$20.0 million. The amount was mainly attributable to (i) the dividend paid of approximately HK$11.0 million; (ii) repayment of bank borrowings of approximately HK$8.7 million; (iii) decrease in amount due to a shareholder of approximately HK$2.5 million; (iv) decrease in amount due to a related party of approximately HK$0.4 million; and (v) the interest paid of approximately HK$0.3 million.

For the six months ended 30 September 2017, our net cash generated from financing activities was approximately HK$4.1 million. The amount was mainly attributable to proceeds from bank borrowings of approximately HK$10.0 million; and was offset by (i) the interest paid of approximately HK$0.2 million; and (ii) repayment of bank borrowings of approximately HK$5.7 million.

NET CURRENT ASSETS

The following table sets out details of the current assets and liabilities as at the dates indicated:

	As at 31 March		As at 30 September	As at 31 January
	2016	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Current assets				
Inventories	716	2,126	911	–
Trade receivables	5,910	6,751	19,812	20,097
Deposits, prepayments and other receivable	5,994	3,592	7,484	7,624
Amounts due from related companies	11,048	468	16	698
Amount due from a shareholder	–	4,949	9,078	7,965
Bank balances and cash	10,310	10,719	12,173	5,789
	33,978	28,605	49,474	42,173
Current liabilities				
Trade payables	3,911	2,280	10,729	9,768
Other payables and accruals	2,028	626	7,514	1,455
Trade deposit received	6,510	5,914	3,654	3,759
Amounts due to related companies	384	–	–	–
Amount due to a shareholder	2,450	–	–	–
Borrowings	10,136	7,121	14,178	13,014
Tax payable	1,527	1,934	3,755	644
	26,946	17,875	39,830	28,640
Net current assets	7,032	10,730	9,644	13,533

We recorded net current assets of approximately HK$7.0 million, HK$10.7 million and HK$9.6 million as of 31 March 2016, 2017 and 30 September 2017, respectively. The increase in net current assets as at 31 March 2017 was mainly due to decrease in current liabilities from approximately HK$26.9 million as at 31 March 2016 to approximately HK$17.9 million as at 31 March 2017, which was in turn primarily attributable to (i) the reduction in bank borrowing of approximately HK$3.0 million; (ii) decrease in amounts due to related parties of approximately HK$2.8 million; and (iii) decrease in trade and other payables of HK$3.0 million. As at 30 September 2017, the decrease in net current assets was mainly due to (i) increase in current liabilities of approximately HK$22.0 million, which is primarily attributable to (i) increase in borrowings of approximately HK$7.0 million; (ii) increase in trade payables of approximately HK$8.4 million; (iii) increase in other payables and accruals of approximately HK$6.9 million.

As at 31 January 2018, being the latest practicable date for determining our Group's indebtedness, the unaudited net current assets of our Group were approximately HK$13.5 million.

INVENTORY ANALYSIS

The following table sets out the inventory balance status as at the end of each of the Track Record:

	As at 31 March		**As at 30 September**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Goods-in-transit	716	2,126	911

Our inventories consisted of goods-in-transit. Goods-in-transit represented goods that have been shipped out but not yet received by our customers. Our inventories increased from approximately HK$0.7 million as at 31 March 2016 to approximately HK$2.1 million as at 31 March 2017. Such increase was primarily attributable to the fact that more products were delivered to our customers on DDP term just before the fiscal year end. Under DDP terms, goods will be recorded as goods-in-transit until the goods are delivered and received by the customers.

Our inventories decreased from approximately HK$2.1 million as at 31 March 2017 to approximately HK$0.9 million as at 30 September 2017. Such decrease was primarily attributable to the fact that less products were delivered to our customers on DDP terms just before the period ended 30 September 2017.

As at the Latest Practicable Date, all of our inventories as at 30 September 2017 were delivered and received by our customers.

TRADE RECEIVABLES

The trade receivables represented amount due from our customers for products sold. As at 31 March 2016 and 2017 and as at 30 September 2017, our trade receivables amounted to approximately HK$5.9 million, HK$6.8 million and 19.8 million, respectively.

The ageing analysis of trade receivables, based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts, as at the end of the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	2,303	1,072	6,622
31-60 days	1,313	1,286	10,842
61-90 days	869	3,641	1,333
Over 90 days	1,425	752	1,015
	5,910	6,751	19,812

Our trade receivables which were between 61 days and 90 days increased from approximately HK$0.9 million as at 31 March 2016 to approximately HK$3.6 million as at 31 March 2017. Such increase was mainly due to (i) the increase in sales for the year ended 31 March 2017; and (ii) an outstanding balance from Customer C and an existing customer of approximately HK$2.1 million. As at 31 October 2017, the aforementioned outstanding balance had been fully settled.

Our trade receivables which were between 0 days to 30 days increased from approximately HK$1.1 million as at 31 March 2017 to approximately HK$6.6 million as at 30 September 2017. Such increase was mainly due to the increase in sales near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak seasons are from May to August.

Our trade receivables which were between 31 days to 60 days increased from approximately HK$1.3 million as at 31 March 2017 to approximately HK$10.8 million as at 30 September 2017. Such increase was mainly due to the increase in sales near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak seasons are from May to August.

For details, please refer to the paragraph headed "Seasonality" under the section headed "Summary" on page 3 of this prospectus.

As at the Latest Practicable Date, approximately HK$18.6 million or 94.0% of the trade receivables as at 30 September 2017 have been subsequently settled.

We normally require the customers to settle in full upon the delivery of goods. For our major customers, we generally grant a credit period of 30 to 60 days based on factors such as years of business relationship with our customers, their reputation and payment history. The following table sets out our trade receivables turnover days during the Track Record Period:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
Trade receivables turnover days	16.7	19.9	34.8

Our trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the two years ended 31 March 2016 and 2017, 183 days for the six months ended 30 September 2017). Our trade receivables turnover days were approximately 16.7 days, 19.9 days and 34.8 days for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017, respectively, which were in line with the credit terms, i.e. 0 to 60 days, we usually offered to our customers. Such increase in the trade receivables turnover days for 31 March 2017 was mainly due to the increase in sales to GSM which has longer credit terms of 60 days. As for the six months ended 30 September 2017, the increase in trade receivables turnover days was mainly due to the increase in trade receivables resulting from (i) longer credit period has been granted to new customers to provide incentives for the new customers to initiate business relationship; and (ii) increase in sales near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak season are from May to August. For details, please refer to the paragraph headed "Seasonality" under the section headed "Summary" on page 3 of this prospectus.

The movement in the allowance for doubtful debts during the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the Track Record Period	3,782	4,564	4,692
Reversal of impairment loss recognised	–	–	(109)
Impairment loss recognised	782	128	–
At the end of the Track Record Period	4,564	4,692	4,583

Included in the allowance for doubtful debts are individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in default in principal payments and are considered irrecoverable.

For the year ended 31 March 2016, the impairment loss recognised mainly related to trade receivables of approximately HK$0.7 million from a U.S. customer and approximately HK$88,000 from two other customers that were in default in principal payment and considered irrecoverable. During the Track Record Period, we filed a claim against the abovementioned U.S. customer and such case was fully settled by a settlement agreement between that customer and us, for details of the litigation, please refer to the paragraph headed "Legal compliance and litigation" under the section headed "Business" in this prospectus, as such a reversal of impairment loss of HK$0.1 million was recorded for the six months ended 30 September 2017. For the year ended 31 March 2017, the impairment loss recognised mainly related to trade receivables of approximately HK$0.1 million from two customers that was in default in principal payment and considered irrecoverable.

The following is an ageing analysis of trade receivables which were past due but not impaired at the end of the Track Record Period:

	As at 31 March		**As at 30 September**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Overdue by:			
1 – 30 days	1,087	792	8,927
31 – 60 days	869	3,641	1,223
Over 60 days	1,425	752	1,125
	3,381	5,185	11,275

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record of credit with our Group. Based on past experience, our Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Our trade receivables that were past due but not impaired which were overdue by 1 day to 30 days increased from approximately HK$0.8 million as at 31 March 2017 to approximately HK$8.9 million as at 30 September 2017. Such increase was mainly due to an outstanding balance from four new customers amounted to approximately HK$7.7 million as at 30 September 2017. As at the Latest Practicable Date, approximately HK$7.3 million or approximately 94.9% of the aforementioned outstanding balance from such four new customers had been settled.

DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

The following table sets out the deposits and prepayments during Track Record Period, respectively:

	As at 31 March		As at 30 September
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Trade deposits	5,962	3,485	4,270
Other deposits	32	32	32
Other receivable	–	–	1
Prepayments	–	–	36
Deferred listing expense	–	75	3,145
	5,994	3,592	7,484

Our deposits and prepayments decreased from approximately HK$6.0 million as at 31 March 2016 to approximately HK$3.6 million as at 31 March 2017. Such decrease was mainly due to the time lag involved with the interval from receipt of customers' orders to payment of deposits to the suppliers during the fiscal year end. Our deposits and prepayments increased from approximately HK$3.6 million as at 31 March 2017 to approximately HK$7.5 million as at 30 September 2017, the increase was mainly due to the increase in deferred Listing expense.

TRADE PAYABLES

Our trade payables represent amount to pay for goods or services that have been acquired from our suppliers. As at 31 March 2016 and 2017 and 30 September 2017, our trade payables amounted to approximately HK$3.9 million, HK$2.3 million and HK$10.7 million, respectively.

The ageing analysis of trade payables, based on the invoice date, as at the end of the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	1,598	1,468	2,797
31-60 days	88	82	6,855
61-90 days	80	213	–
Over 90 days	2,145	517	1,077
	3,911	2,280	10,729

Our trade payables which were between 0-30 days increased from approximately HK$1.5 million as at 31 March 2017 to approximately HK$2.8 million as at 30 September 2017. Such increase was mainly due to the increase in purchase near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak season are from May to August.

Our trade payables which were between 31-60 days increased from approximately HK$82,000 as at 31 March 2017 to approximately HK$6.9 million as at 30 September 2017. Such increase was mainly due to the increase in purchase near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak season are from May to August.

Our trade payables which were over 90 days increased from approximately HK$0.5 million as at 31 March 2017 to approximately HK$1.1 million as at 30 September 2017. Such increase was mainly due to the increase in purchase near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak season are from May to August.

For details, please refer to the paragraph headed "Seasonality" under the section headed "Summary" on page 3 of this prospectus.

As at the Latest Practicable Date, approximately HK$9.1 million or 85.2% of our trade payables as at 30 September 2017 have been subsequently settled.

Our trade payables are non-interest bearing and are generally settled on 30-day terms. The following table sets out our trade payables turnover days during the Track Record Period:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
Trade payables turnover days	11.9	13.1	22.5

Our trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year, then multiplied by the number of days of the year/period (i.e. 365 days for each of the two years ended 31 March 2016 and 2017, 183 days for the six months ended 30 September 2017). Our trade payables turnover days were approximately 11.9 days, 13.1 days and 22.5 days respectively, where were in line with the usual credit period of 30 days generally allowed by our suppliers. Such increase in the trade payables turnover days for 31 March 2017 was mainly due to the increase in average trade payables in 2017 notwithstanding the trade payables decreased from approximately HK$3.9 million as at 31 March 2016 to approximately HK$2.3 million as at 31 March 2017. As for the six months ended 30 September 2017, the increase in trade payables turnover days was mainly due to the increase in trade payables resulting from increase in purchase near to the period ended 30 September 2017 as compared to 31 March 2017 as our peak season are from May to August. For details, please refer to the paragraph headed "Seasonality" under the section headed "Summary" on page 3 of this prospectus.

AMOUNTS DUE FROM/TO RELATED PARTIES

The following table sets forth the amounts due from related parties during the Track Record Period:

	As at 31 March		As at 30 September	Maximum amount outstanding during the year/period ended 31 March		30 September
	2016	2017	2017	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from related companies						
Majestic City Limited	4,860	–	16	4,860	4,911	28
Country Fame Technology Limited	1,844	–	–	1,844	1,844	–
Joint Linker Investment Limited	44	–	–	44	44	–
Majestic City Enterprises Holdings Limited	330	–	–	330	330	–
Perfect Regal Limited	3,970	–	–	3,970	4,970	1,000
Jiangmen Majestic	–	468	–	–	468	468
	11,048	468	16			
Amount due from a shareholder						
Mr. Leung	–	4,949	9,078	–	6,414	13,181

As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from related parties amounted to approximately HK$11.0 million, approximately HK$5.4 million and approximately HK$9.1 million, respectively. Balances with related companies and a shareholder were unsecured, interest-free and repayable on demand.

Majestic City Limited is a company incorporated in Hong Kong with limited liabilities on 21 February 2001. It is principally engaged in property holding. It is 50.0% owned by Mr. Leung and 50.0% owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Majestic City Limited amounted to approximately HK$4.9 million, nil and approximately HK$16,000, respectively. The amounts due from Majestic City Limited will be fully settled prior to the Listing.

Country Fame Technology Limited is a company incorporated in Hong Kong with limited liabilities on 19 July 2013. It is principally engaged in property holding. It is 50.0% owned by Mr. Leung and 50% owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Country Fame Technology Limited amounted to approximately HK$1.8 million, nil and nil, respectively. The amounts due from Country Fame Technology Limited had been fully settled as at 30 September 2017.

Joint Linker Investment Limited is a company incorporated in Hong Kong with limited liabilities on 12 April 2010. It is principally engaged in property holding. It is 50.0% owned by Mr. Leung and 50% owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Joint Linker Investment Limited amounted to approximately HK$44,000, nil and nil, respectively. The amounts due from Joint Linker Investment Limited had been fully settled as at 30 September 2017.

Majestic City Enterprises Holdings Limited is a company incorporated in Hong Kong with limited liabilities on 29 June 2011. It is principally engaged in property holding. It is wholly-owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Majestic City Enterprises Holding Limited amounted to approximately HK$0.3 million, nil and nil, respectively. The amounts due from Majestic City Enterprises Holding Limited had been fully settled as at 30 September 2017.

Perfect Regal Limited is a company incorporated in Hong Kong with limited liabilities on 16 December 2011. It is principally engaged in property holding. It is 50.0% owned by Mr. Leung and 50.0% owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Perfect Regal Limited amounted to approximately HK$4.0 million, nil and nil, respectively. The amounts due from Perfect Regal Limited had been fully settled as at 30 September 2017.

Jiangmen Majestic is a company incorporated in the PRC with limited liabilities on 15 March 2016. Its business scope includes manufacturing of apparel products. During the Track Record Period and up to the date of disposal of Billion Success by Ms. Tam on 21 August 2017, Billion Success was an investment holding company of Jiangmen Majestic. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Jiangmen Majestic amounted to nil, approximately HK$0.5 million and nil, respectively. Such amount was related to the deposits paid for the purchase of apparel products. The amount due from Jiangmen Majestic had been fully settled as at 30 September 2017.

As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due from Mr. Leung amounted to nil, approximately HK$4.9 million and approximately HK$9.1 million, respectively. Such amounts was related to the debt reassignment from related companies. The Directors confirmed that the outstanding balance of such amounts will be settled prior to the Listing.

None of the amounts due from related companies is neither past due nor impaired. The financial asset included in the above balance related to receivable for which there was no recent history of default.

The following table sets forth the amounts due to related parties during the Track Record Period:

	As at 31 March 2016	As at 31 March 2017	As at 30 September 2017
	HK$'000	*HK$'000*	*HK$'000*
Amount due to a related company			
Turbo Profit Investment Limited	384	–	–
Amount due to a shareholder			
Mr. Leung	2,450	–	–

As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due to related parties amounted to approximately HK$2.8 million, nil and nil, respectively. The amount was fully settled as at 30 September 2017. Balances with related companies and shareholders were unsecured, interest-free and repayable on demand.

Turbo Profit Investment Limited is a company incorporated in Hong Kong with limited liabilities on 12 April 2010. It is principally engaged in property holding. It is 50.0% owned by Mr. Leung and 50.0% owned by Ms. Tam. As at 31 March 2016 and 2017 and as at 30 September 2017, amounts due to Turbo Profit Investment Limited amounted to approximately HK$0.4 million, nil and nil, respectively. The amounts due to Turbo Profit Investment Limited had been fully settled as at 30 September 2017.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios during the Track Record Period:

	Notes	Year ended/ As at 31 March 2016	Year ended/ As at 31 March 2017	Six months ended/ As at 30 September 2017
Return on total assets	*1*	24.0%	40.5%	Net loss
Return on equity	*2*	68.9%	81.1%	Net loss
Current ratio	*3*	1.3 times	1.6 times	1.2 times
Quick ratio	*4*	1.2 times	1.5 times	1.2 times
Gearing ratio	*5*	70.5%	39.8%	84.6%
Interest coverage	*6*	27.7 times	52.0 times	4.1 times
Gross profit margin	*7*	24.6%	25.6%	24.1%
Net profit margin	*8*	10.5%	12.5%	Net loss
Adjusted net profit margin	*9*	10.5%	12.7%	13.6%

Notes:

1. Return on total assets is calculated based on the profit and total comprehensive income for the year/period attributable to owners of our Company divided by the total assets as at the end of the year/period.

2. Return on equity is calculated based on the profit and total comprehensive income for the year/period attributable to owners of our Company divided by total equity at the end of the year/period.

3. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year/period.

4. Quick ratio is calculated based on the difference between the total current assets and inventories divided by the total current liabilities at the end of the year/period.

5. Gearing ratio is calculated based on the interest-bearing liabilities divided by total equity at the end of the year/period.

6. Interest coverage is calculated by the profit before interest and tax divided by the interest for the year/period.

7. Gross profit margin is calculated by the gross profit divided by the revenue for the year/period.

8. Net profit margin is calculated by the profit and total comprehensive income for the year/period attributable to owners of our Company divided by the revenue for the year/period.

9. Adjusted net profit margin is calculated by adjusted net profit for the year/period divided by the revenue for the respective year/period end and multiplied by 100%. Adjusted net profit for the year/period represents our profit for the year/period excluding Listing expenses. Adjusted net profit is not a measure of performance under HKFRSs and accounting principles generally accepted in Hong Kong. The use of these non-HKFRSs measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

Return on total assets

Our return on total assets increased from approximately 24.0% in 2016 to approximately 40.5% in 2017. The increase in return on total assets from 2016 to 2017 was mainly attributable to (i) the increase in profit and total comprehensive income for the year attributable to owners of our Company by approximately HK$4.6 million as a result of the increase in gross profit by approximately HK$6.5 million, and please refer to the paragraphs headed "Gross profit and gross profit margin" under this section; and (ii) the decrease in total assets by approximately HK$5.5 million as a result of the decrease in the amount due from related companies by approximately HK$10.6 million, and offset by the increase in amount due from a shareholder by approximately HK$4.9 million due to debt reassignment from related companies. For the six months ended 30 September 2017, we recorded a net loss of approximately HK$1.2 million, as opposed to a net profit of approximately HK$10.5 million for the six months ended 30 September 2016. The decrease was mainly due to (i) Listing expenses of approximately HK$10.6 million relating to the Company's Listing; and (ii) decrease in gross profit margin with reasons as discussed in the paragraph headed "Gross profit and gross profit margin" in this section.

In the event that the Listing expenses of approximately HK$10.6 million were excluded from the profit for the period and approximately HK$3.1 million of deferred Listing expenses were excluded from our total assets, our return on total assets would be 17.7% for the six months ended 30 September 2017.

Return on equity

Our return on total equity increased from approximately 68.9% in 2016 to approximately 81.1% in 2017. The increase in return on total equity from 2016 to 2017 was mainly attributable to (i) the increase in equity from approximately HK$14.4 million as at 31 March 2016 to approximately HK$17.9 million as at 31 March 2017 due to increase in profit and total comprehensive income for the year attributable to owners of our Company, partially offset by dividends paid of HK$11.0 million; and (ii) the increase in profit and total comprehensive income for the year attributable to owners of our Company by approximately HK$4.6 million as a result of the increase in gross profit by approximately HK$6.5 million, and please refer to the paragraph headed "Gross profit and gross profit margin" under this section. For the six months ended 30 September 2017, we recorded a net loss of approximately HK$1.2 million, as opposed to a net profit of approximately HK$10.5 million for the six months ended 30 September 2016. The decrease was mainly attributable to the (i) Listing expenses of approximately HK$10.6 million relating to the Company's Listing and (ii) decrease in gross profit margin with reasons as discussed in the paragraph headed "Gross profit and gross profit margin" in this section.

In the event that the Listing expenses of approximately HK$10.6 million were excluded from the profit for the period and approximately HK$0.2 million of Listing expenses recognised in our retained earnings were excluded from our total equity, our return on equity would be 55.8% for the six months ended 30 September 2017.

Current ratio

Our current ratio increased from approximately 1.3 times as at 31 March 2016 to approximately 1.6 times as at 31 March 2017. The increase in current ratio from 2016 to 2017 was mainly attributable to the decrease in current liabilities by approximately HK$9.0 million, which was in turn primarily resulted from (i) the decrease in bank borrowings by approximately HK$3.0 million; (ii) the decrease in amount due to a shareholder by approximately HK$2.5 million; (iii) the decrease in trade payables by approximately HK$1.6 million due to payment of a long outstanding trade payables during the year ended 31 March 2017; (iv) the decrease in other payables and accruals by approximately HK$1.4 million mainly attributable to payment of other payable of approximately HK$0.9 million; and (v) the decrease in trade deposits received by approximately HK$0.6 million. Our current ratio decreased from approximately 1.6 times as at 31 March 2017 to 1.2 times as at 30 September 2017. The decrease was mainly due to increase in current liabilities of approximately HK$22.0 million which was mainly attributable to (i) increase in bank borrowings of approximately HK$7.0 million; (ii) increase in other payables and accruals of approximately HK$6.9 million; and (iii) increase in trade payables of approximately HK$8.4 million.

Quick ratio

Our quick ratio increased from approximately 1.2 times as at 31 March 2016 to approximately 1.5 times as at 31 March 2017. The increase in quick ratio from 2016 to 2017 was mainly attributable to the decrease in current liabilities by approximately HK$9.0 million, which was in turn primarily resulted from (i) the decrease in bank borrowings by approximately HK$3.0 million; (ii) the decrease in amount due to a shareholder by approximately HK$2.5 million; (iii) the decrease in trade payables by approximately HK$1.6 million due to payment of a long outstanding trade payables during the year ended 31 March 2017; (iv) the decrease in other payables and accruals by approximately HK$1.4 million mainly attributable to payment of other payable of approximately HK$0.9 million; and (v) the decrease in trade deposits received by approximately HK$0.6 million. Our quick ratio decreased from approximately 1.5 times as at 31 March 2017 to approximately 1.2 times as at 30 September 2017. The decrease was mainly due to increase in current liabilities of approximately HK$22.0 million which was mainly attributable to (i) increase in bank borrowings of approximately HK$7.0 million; (ii) increase in other payables and accruals of approximately HK$6.9 million; and (iii) increase in trade payables of approximately HK$8.4 million.

Gearing ratio

Our gearing ratio decreased from approximately 70.5% as at 31 March 2016 to approximately 39.8% as at 31 March 2017. The decrease in gearing ratio from 2016 to 2017 was mainly attributable to the decrease in bank borrowings by approximately HK$3.0 million. Our gearing ratio increased from approximately 39.8% as at 31 March 2017 to approximately 84.6% as at 30 September 2017. Such increase was mainly due to the increase of bank borrowings of approximately HK$7.0 million.

Interest coverage

Our interest coverage increased from approximately 27.7 times for the year ended 31 March 2016 to approximately 52.0 times for the year ended 31 March 2017. The increase in interest coverage from 2016 to 2017 was mainly attributable to (i) the increase in profit before interest and tax as a result of increase in revenue and hence gross profit by approximately HK$6.5 million, and please refer to the paragraphs headed "Gross profit and gross profit margin" under this section for details; and (ii) the repayment in bank borrowings by approximately HK$3.0 million during the year lead to the decrease of finance costs. Our interest coverage decreased from approximately 52.0 times for the year ended 31 March 2017 to approximately 4.1 times for the six months ended 30 September 2017. Such decrease was due to decrease in profit before interest and tax mainly resulting from (i) increase of Listing expenses of approximately HK$10.6 million; and (ii) decrease in gross profit margin with reasons as discussed in the paragraph headed "Gross profit and gross profit margin" under this section.

In the event that the Listing expenses were excluded in the calculations, our interest coverage would be 49.9 times for the six months ended 30 September 2017.

Gross profit margin

Our gross profit margin slightly increased from approximately 24.6% in 2016 to approximately 25.6% in 2017, and please refer to the paragraph headed "Gross profit and gross profit margin" under this section for details. Our gross profit margin decreased from approximately 25.6% for the year ended 31 March 2017 to approximately 24.1% for the six months ended 30 September 2017, and please refer to the paragraph headed "Gross profit and gross profit margin" under this section for details.

Net profit margin

Our net profit margin increased from approximately 10.5% in 2016 to approximately 12.5% in 2017. The increase in net profit margin from 2016 to 2017 was attributable to (i) increase in gross profit margin with reasons set out above; (ii) the reduction of loss on impairment of trade receivables, offset by the increase in the administrative expenses by approximately HK$2.0 million; and (iii) decrease in finance costs due to repayment of bank borrowings, partially offset by increase in income tax expenses due to increase in taxable profits. For the six months ended 30 September 2017, we recorded a net loss of approximately HK$1.2 million, as opposed to a net profit of approximately HK$10.5 million for the six months ended 30 September 2016. The decrease was mainly attributable to (i) decrease in gross profit margin with reasons set out above; and (ii) increase of Listing expenses relating to the Company's Listing.

In the event that the Listing expenses of approximately HK$10.6 million were excluded, our net profit margin would be 13.6% for the six months ended 30 September 2017.

OPERATING LEASE COMMITMENTS

Our Group as lessee

Our Group leases certain office premises under operating lease arrangements. Leases for these properties are negotiated for one year terms. At the end of each Track Record Period, our Group had commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
Within one year	–	–	453

CAPITAL COMMITMENTS

As at 31 March 2016 and 2017 and 30 September 2017, we had no material capital commitments.

INDEBTEDNESS

The following table sets out our bank borrowings, bank overdrafts, amounts due to related companies and amount due to a shareholder as at the respective financial position dates below.

	As at 31 March		As at 30 September	As at 31 January
	2016	**2017**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Bank borrowings – secured and guaranteed	7,520	1,802	6,141	6,003
Bank overdrafts	2,616	5,319	8,037	7,011
Amounts due to related companies	384	–	–	–
Amount due to a shareholder	2,450	–	–	–
	12,970	7,121	14,178	13,014

Our indebtedness consists of bank borrowings, bank overdrafts, amounts due to related companies and amount due to a shareholder. Our indebtedness positions were at approximately HK$13.0 million, HK$7.1 million, HK$14.2 million and HK$13.0 million respectively as of 31 March 2016 and 2017, 30 September 2017 and 31 January 2018, and were used for financing our daily operations. The increase of indebtedness position to approximately HK$14.2 million as at 30 September 2017 and approximately HK$13.0 million as at 31 January 2018 as mainly due to the increase in bank overdrafts for payment of Listing expenses.

As at 31 January 2018, we had a total banking facilities of approximately HK$36.0 million, of which approximately HK$15.0 million were trust receipt loan and bank overdrafts, approximately HK$20.0 million were revolving loan and the remaining approximately HK$1.0 million were mortgage loan facility which will be mature on 31 May 2020. Out of the total available HK$36.0 million of the aforesaid banking facilities, we had utilised a total of HK$7.0 million of bank overdrafts, HK$5.0 million of revolving loan and HK$1.0 million of mortgage loan. We had unutilised banking facilities amounted for approximately HK$23.0 million as at 31 January 2018.

As at 31 January 2018, our bank borrowings, bank overdrafts and the undrawn banking facility are secured by our properties, the properties held by Turbo Profit, Joint Linker and Perfect Regal Limited and the relevant banking facilities are guaranteed by personal guarantees provided by Mr. Leung and Ms. Tam. These guarantees and charges over assets will be released or replaced by the corporate guarantee executed by our Company upon the Listing.

Bank borrowings

	As at 31 March		As at 30 September	As at 31 January
	2016	**2017**	**2017**	**2018**
	HK'000	*HK'000*	*HK'000*	*HK'000*
	(audited)	(audited)	(audited)	(unaudited)
Bank borrowings – secured and guaranteed	7,520	1,802	6,141	6,003
Bank overdrafts	2,616	5,319	8,037	7,011
	10,136	7,121	14,178	13,014

The carrying amounts of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):

	As at 31 March		As at 30 September	As at 31 January
	2016	**2017**	**2017**	**2018**
	HK'000	*HK'000*	*HK'000*	*HK'000*
	(audited)	(audited)	(audited)	(unaudited)
Within one year or on demand	5,718	870	5,420	5,423
Within a period of more than one year, but not exceeding two years	870	859	721	580
Within a period of more than two years, but not exceeding five years	932	73	–	–
	7,520	1,802	6,141	6,003
Less: Amounts classified as current liabilities – secured and guaranteed borrowings due within one year or contain a repayment on demand clause	(7,520)	(1,802)	(6,141)	(6,003)
Amounts classified as non-current liabilities	–	–	–	–

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

The entire balances of our bank borrowings are secured, guaranteed and carried variable rate of interest. The floating-rate bank borrowings carry interests at premiums over or discounts to Hong Kong Interbank Offered Rate or Prime Rates quoted by a bank in Hong Kong. The effective interest rate on bank borrowings is ranging from 2.02% to 6.00% per annum, ranging from 2.21% to 6.00% per annum, ranging from 2.17% to 6.00% per annum and ranging from 2.75% to 6.00% per annum as at 31 March 2016, 31 March 2017, 30 September 2017 and 31 January 2018, respectively.

Contingent liabilities

As at 30 September 2017, our Group did not have any significant contingent liabilities.

For the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that (i) our Group has not experienced any difficulty in obtaining bank borrowing or any default in payment on bank borrowings or any breach of finance covenants; (ii) any restrictions that will limit our ability to drawdown on unutilised facilities; and (iii) our Directors are not aware of any material defaults in payment of our trade and non-trade payables and bank borrowings.

Save as disclosed in this prospectus, our Directors confirm that there has not been any material change in our indebtedness up to the Latest Practicable Date.

Save as disclosed above, we did not have, at the close of business on 31 October 2017, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or any material contingent liabilities.

LISTING EXPENSES

Assuming the Offer Price of HK$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses (including underwriting commission to be paid to the Underwriters) are estimated to be approximately HK$25.8 million, of which the Selling Shareholder shall bear approximately HK$0.7 million which represents the underwriting commission attributable to the sale of the Sale Shares and our Company shall bear the remaining approximately HK$25.1 million. Approximately HK$8.3 million is directly attributable to the issue of the Offer Share and is expected to be accounted for as deduction from equity upon Listing. The remaining amount of approximately HK$16.8 million, which cannot be so deducted, has been or is expected to be recognised in our consolidated statement of profit or loss. Of the approximately HK$0.2 million and HK$10.6 million have been recognised in our consolidated statement of profit or loss for the year ended 31 March 2017 and the six months ended 30 September 2017, respectively, and approximately HK$6.0 million is expected to be incurred after 30 September 2017. Expenses in relation to the Listing are non-recurring in nature.

NO MATERIAL ADVERSE CHANGE

For release of the personal guarantee provided by Mr. Leung and Ms. Tam upon Listing, such release is subject to certain conditions including, among others, (i) the consolidated tangible net worth of our Company shall not at any time be less than HK$15,000,000; (ii) the consolidated gearing ratio of our Company shall not at any time exceed 2x; and (iii) one of the revolving loans shall be reduced from HK$10,000,000 (as at July 2017) to HK$2,000,000 and the other one of HK$10,000,000 (as at July 2017) shall be terminated and cancelled (the "**Release Conditions**").

Save as the Listing expenses and the Release Conditions, our Directors confirm that, up to the date of this prospectus, (i) there has been no material adverse change in the general economic and market conditions, legal and regulatory environment, and the industry in which we operate that has materially and adversely affected our Group's financial or operating position since 30 September 2017, being the date to which our latest audited financial statements were prepared, (ii) there has been no other material adverse change in the operating and financial positions or prospects of our Group since 30 September 2017, and (iii) no event has occurred since 30 September 2017 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our internal resources generated from our business operation, available banking facilities and other source of finance, and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

Our Company is incorporated on 20 June 2017. As at 30 September 2017, our Company had no distributable reserves available for distribution to the Shareholders.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our related party transactions included (i) amounts due from Mr. Leung, Majestic City Limited, Country Fame Technology Limited, Joint Linker, Majestic City Enterprise Holdings Limited, Perfect Regal Limited and Jiangmen Majestic; (ii) amounts due to Mr. Leung and Turbo Profit; (iii) guarantees given by Mr. Leung and Ms. Tam and pledged properties of Turbo Profit, Joint Linker and Perfect Regal Limited, located in Hong Kong on our Group's bank borrowings facilities and bank overdrafts; (iv) the rental expense to Turbo Profit; (v) the rental expense to Joint Linker; (vi) the purchase of apparel products from Jiangmen Majestic; (vii) the purchase of apparel products from Turbo Profit; and (viii) the remuneration for key management personnel of our Group.

The amounts due from Mr. Leung, Majestic City Limited, Country Fame Technology Limited, Joint Linker, Majestic City Enterprise Holdings Limited, Perfect Regal Limited and Jiangmen Majestic, were unsecured, interest-free and repayable on demand. All outstanding balances of the aforesaid amounts due from related parties will be settled upon Listing.

The amounts due to Mr. Leung and Turbo Profit were unsecured, interest-free and repayable on demand. All outstanding balances of the aforesaid amounts due to related parties had been settled as at 31 March 2017.

Guarantees given by Mr. Leung and Ms. Tam and pledged properties of Turbo Profit, Joint Linker and Perfect Regal Limited, located in Hong Kong, will be released/replaced by a corporate guarantee to be provided by our Company upon Listing.

Set out below is a summary of the details of the abovementioned related-parties transactions during the Track Record Period.

Nature of related party	**Nature of transaction**	**Year ended 31 March 2016**	**Year ended 31 March 2017**	**Six months ended 30 September 2017**
		HK$'000	*HK$'000*	*HK$'000*
Joint Linker	Rental expenses for our Group's principal place of business	456	468	246
Jiangmen Majestic	Purchase of apparel products	–	5,175	7,693 *(Note)*
Turbo Profit	Purchase of apparel products	1,077	–	–
Turbo Profit	Rental expenses for our Group's principal place of business	384	396	207

Note:

Up to 21 August 2017, being the date of disposal of Billion Success and Jiangmen Majestic.

Joint Linker is principally engaged in property holding. Rental expenses have been paid to Joint Linker for leasing a property from Joint Linker for our Group's principal place of business since 1 April 2011. Our Directors are of the view that such related-party transaction with Joint Linker in connection with rental of premises was conducted on normal commercial terms during the Track Record Period. Such transaction is expected to continue after the Listing. For further details, please refer to the section headed "Connected Transactions" in this prospectus.

Jiangmen Majestic was held by Billion Success and Jiangmenshi Mingzili, as to 60.0% and 40.0% of its entire registered capital, respectively. Jiangmen Majestic operated the Jiangmen Factory to manufacture jackets for our Group. During the Track Record Period, we placed orders to Jiangmen Majestic on a case-by-case basis depending on the needs and requirements of our customers. We did not enter into any long term contracts with Jiangmen Majestic. During the Track Record Period, approximately HK$5.2 million was paid to Jiangmen Majestic for the purchase of apparel products. Our Directors are of the view that such related-party transaction with Jiangmen Majestic in connection with the purchase of apparel products was conducted on normal commercial terms during the Track Record Period. On 21 August 2017, Ms. Tam (as vendor) disposed of all her shareholding interest in Billion Success, representing 100% of the issued share capital of Billion Success, to an Independent Third Party, being a senior management of Jiangmenshi

Mingzili and former management of our Supplier A, at the aggregate consideration of approximately HK$116,000, which was negotiated at arm's length with the reference to the consolidated net asset value attributable to owners of Billion Success as at 31 March 2017 of approximately HK$116,000, adjusted by the shareholder's loan, cash and cash equivalent held by Billion Success. Since 21 August 2017, Billion Success and hence Jiangmen Majestic is owned by Independent Third Parties. Any transactions between our Group and Jiangmen Majestic thereafter will not constitute as related party transactions and hence connected transactions. For details of this disposal, please refer to the section headed "History, reorganisation and corporate structure" in this prospectus.

Turbo Profit is principally engaged in property holding. Rental expenses have been paid to Turbo Profit for leasing a property from Turbo Profit for our Group's principal place of business since 1 April 2011. Our Directors are of the view that such related-party transaction with Turbo Profit in connection with rental of premises was conducted on normal commercial terms during the Track Record Period. Such transaction is expected to continue after the Listing. For further details, please refer to the section headed "Connected transactions" in this prospectus.

On 27 April 2015, Majestic City International entered into a purchase order to purchase apparel products from Turbo Profit on one occasion, in the total consideration of approximately HK$1.1 million. Despite the transaction was conducted in the ordinary course of business of our Group, our Directors considered that the purchase orders entered for the purchase of apparel products was an one-off transaction and similar transaction is not expected to occur in the foreseeable future as Turbo Profit does not principally engage in apparel related business.

Our Directors are of the view that our results of operations over the Track Record Period would not be materially affected by these related-party transactions, nor making our historical results over the Track Record Period not reflective of our expectation for our future performance.

Please refer to note 23 and 30 to the Accountants' Report as set out in Appendix to this prospectus and the paragraph headed "Indebtedness" in this section for more information.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we did not have any off-balance sheet arrangements or commitments.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Our activities exposed us to a variety of financial risks including foreign exchange risk, and fair value and cash flow interest rate risk, credit risk and liquidity risk.

(i) Foreign exchange risk

We operate in Hong Kong with majority of the transactions being settled in HKD, USD and RMB.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of our Group.

We are not exposed to foreign exchange risk in respect of HKD against the USD as long as this currency is pegged.

The transactions and monetary assets denominated in RMB and GBP are minimal, we consider there have no significant foreign exchange risk in respect of RMB and GBP.

We currently do not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. We will monitor our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Fair value and cash flow interest rate risk

Our interest rate risk arises from bank borrowings and bank overdrafts. Borrowings obtained at variable rates expose us to cash flow interest rate risk.

We regularly review and monitor the floating interest rate borrowings in order to manage our interest rate risk. Our interest-bearing bank borrowings, bank overdrafts and cash and bank balances are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/ charged to profit or loss as earned/incurred. Our management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of cash and bank balance are not expected to change significantly.

If there would be a general increase/decrease in the market interest rates by 50 basis points, with all other variables held constant, our combined pre-tax profit would have decreased/increased by approximately HK$21,000, HK$18,000 and HK$10,000 for the years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 respectively. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of each Track Record Period and had applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated 50 basis points increase or decrease represents management's assessment of a reasonably possible change in market interest rates over the period until the next annual year end.

(iii) Credit risk

Our credit risk mainly arises from trade receivables, amounts due from related companies, amount due from a shareholder and bank balances and cash.

Our management considers we have limited credit risk with our bank which are leading and reputable and are assessed as having low credit risk. Bank balances are deposited with reputable banks. We have not incurred significant loss from non-performance by these parties in the past and management do not expect so in the future.

In order to minimise the credit risk, our management reviews the recoverable amount of each individual debt at the end of the reporting period that adequate impairment losses are made for irrecoverable amounts. In the regard, our management considers that our credit risk is significantly reduced.

(iv) Liquidity risk

Cash flow is managed at group level by the management. We manage liquidity risk by maintaining adequate cash and cash equivalents, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Please refer to note 7 to the Accountants' Report for further details.

In accordance with our Group's cash monitoring policy, monthly trade receivable aging report will be reviewed and approved by Directors and monthly trade receivables statement will be sent to our customer for outstanding debt payment. For invoices which are overdue, the accounting department of our Group will contact the customer directly to follow up with the settlement process. Upon approval from Directors, suspension of business, warning letters or legal action may be taken. This procedure will allow the management to monitor on the outstanding balances and minimise the liquidity risk arising from the mismatch between trade receivables and trade payables turnover days. In addition, we secured banking facilities to ensure that we have sufficient resources for short term liquidity management. We had unutilised banking facilities amounted for approximately HK$23.0 million as at 31 January 2018.

(v) Capital management

We manage our capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. Our overall strategy remains unchanged throughout the Track Record Period.

Our capital structure consists of borrowings, amount due to a related company and amount due to a shareholder, net of bank balances and cash and equity attributable to owners of our Company comprising share capital and reserves.

Our management reviews the capital structure regularly. We consider the cost of capital and the risks associated with each class of capital, will balance our overall capital structure through the payment of dividends, the issue of new shares and new debts.

DIVIDEND

During the year ended 31 March 2016 and 2017 and the six months ended 30 September 2017, Majestic City International declared and paid dividends of nil, HK$11.0 million and nil, respectively, to Mr. Leung and Ms. Tam.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to the approval of our Shareholders as well as any applicable laws. The historical divided payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which could give rise to a disclosure obligation pursuant to Rules 17.15 to 17.21 of the GEM Listing Rules.

PROPERTIES INTERESTS AND VALUATION OF PROPERTIES

The properties of our Group were valued at approximately HK$21.4 million as of 30 November 2017 by the Property Valuer. Details of the valuation are summarised in Appendix III to this prospectus.

The following table sets forth the reconciliation of the amount of our property interest as reflected in the financial information as at 31 January 2018 as set out in Appendix I to this prospectus with the valuation of such property interests as at 31 January 2018 as set out in Appendix III to this prospectus:

	HK$'000
Net book value of our property as at 30 September 2017 (audited)	7,077
Movement for the period from 1 October 2017 to 31 January 2018	
Addition for the period (unaudited)	–
Less: Depreciation for the period (unaudited)	56
Net book value of our property interests as at 31 January 2018 (unaudited)	7,021
Valuation surplus as at 31 January 2018 (unaudited)	14,579
Valuation as at 31 January 2018	21,600

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted combined net tangible assets of our Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the proposed Share Offer on the audited combined net tangible assets of our Group attributable to owners of our Company as of 30 September 2017, as if the Share Offer had taken place on 30 September 2017.

The unaudited pro forma adjusted combined net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to owners of our Company had the Share Offer been completed as at 30 September 2017 or at any future dates. It is prepared based on the audited combined net tangible assets of our Group attributable to owners of our Company as at 30 September 2017 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group as at 30 September 2017	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted combined net tangible assets of our Group**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK cents*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*
Based on Offer Price of HK$0.50 per Offer Share	16,754	37,035	53,789	13.20
Based on Offer Price of HK$0.60 per Offer Share	16,754	43,634	60,388	15.10

Notes:

(1) The audited combined net tangible assets of our Group as at 30 September 2017 is based on the net assets of our Group attributable to owners of our Company as extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the issue of the Offer Shares pursuant to the Share Offer are based on 100,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$0.5 and HK$0.6 per Offer Share, respectively, after deduction of the underwriting commissions and fees and other related fees expenses payable by our Group in connection with the Share Offer, other than those expenses which had been recognised in profit or loss for the periods up to 30 September 2017.

(3) The unaudited pro forma adjusted combined net tangible assets of our Group does not take into account the effect of any trading result and other transactions of our Group entered into subsequent to 30 September 2017.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Capitalisation Issue the Share Offer and does not take into account of any shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of shares.

BUSINESS OBJECTIVES AND STRATEGIES

Our goal is to achieve sustainable growth and further strengthen our overall competitiveness and business growth in the apparel SCM services industry.

Please refer to the paragraph headed "Business strategies" under the section headed "Business" in this prospectus for a detailed description of our business strategies.

IMPLEMENTATION PLANS

In order to implement the business objectives and strategies as described above, set forth below are the implementation plans of our Group for each of the six-month periods from 1 April 2018 until 31 March 2020. Investors should note that the implementation plans are formulated on the bases and assumptions referred to in the paragraph headed "Bases and key assumptions of the business plans" below in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk factors" in this prospectus. Our Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all.

The monthly salaries for our new staff under the implementation plans are expected to range from approximately HK$47,000 to HK$52,000 for managers, from approximately HK$33,000 to approximately HK$46,000 for sales executives, from approximately HK$24,000 to approximately HK$26,000 for supporting clerks, approximately HK$12,000 for PRC quality control supervisor, PRC quality control staff and PRC merchandisers. The net proceeds for hiring of new staff and paying rentals for new offices are expected to be fully utilised by 31 March 2020.

For the six months ending 30 September 2018

Business strategy	Implementation plan	Use of proceeds *(approximately)*
Setting up representative offices in the U.S. and France	• setting up and leasing a representative office in Los Angeles, the U.S.	HK$625,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	HK$1,784,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	HK$835,000
Establishing a quality control office in the PRC	• setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	HK$330,000
	• recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	HK$543,000
Repaying bank borrowings	• partially repaying a revolving loan with an interest rate of HKD prime rate + 0.5% per annum, which are used to finance our daily operations and are payable within one to three months from the drawdown date or on demand of the bank	HK$4,000,000

For the six months ending 31 March 2019

Business strategy	Implementation plan	Use of proceeds *(approximately)*
Setting up representative offices in the U.S. and France	• setting up and leasing a representative office in Los Angeles, the U.S.	HK$353,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	HK$1,784,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	HK$835,000
	• setting up and leasing a representative office in Paris, France	HK$501,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	HK$1,413,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows in Europe	HK$671,000
Establishing a quality control office in the PRC	• setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	HK$118,000
	• recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	HK$1,086,000

For the six months ending 30 September 2019

Business strategy	Implementation plan	Use of proceeds *(approximately)*
Setting up representative offices in the U.S. and France	• setting up and leasing a representative office in Los Angeles, the U.S.	HK$358,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	HK$1,784,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	HK$835,000
	• setting up and leasing a representative office in Paris, France	HK$231,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	HK$1,413,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows in Europe	HK$754,000
Establishing a quality control office in the PRC	• setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	HK$149,000
	• recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	HK$1,086,000

For the six months ending 31 March 2020

Business strategy	**Implementation plan**	**Use of proceeds** *(approximately)*
Setting up representative offices in the U.S. and France	• setting up and leasing a representative office in Los Angeles, the U.S.	HK$353,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	HK$1,784,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	HK$835,000
	• setting up and leasing a representative office in Paris, France	HK$236,000
	• recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	HK$1,413,000
	• arranging our sales executives to visit and set up exhibition booths in trade shows in Europe	HK$754,000
Establishing a quality control office in the PRC	• setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	HK$118,000
	• recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	HK$1,086,000

BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

The business objectives set out by our Directors are based on the following bases and key assumptions:

(a) our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(b) there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;

(c) there will be no change in the funding requirement for each of the implementation plans described under the paragraph headed "Implementation plans" in this section from the amount estimated by our Directors;

(d) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

(e) the Share Offer will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" in this prospectus;

(f) our Group will be able to retain its key staff in the management and the main operational departments;

(g) there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group;

(h) our Group will not be materially affected by any risk factors set out in the section headed "Risk factors" in this prospectus; and

(i) our Group will be able to continue its operation in substantially the same manner as it has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruptions adversely affecting our operations or business objectives in any way.

REASONS FOR THE SHARE OFFER

The Share Offer will enhance capital base of our Group and provide our Group with additional working capital for achieving our business strategies and to implement the future plans set out in this section. The net proceeds of the Share Offer will provide financial resources to our Group to implement the business strategies set out in the paragraph headed "Business strategies" under the section headed "Business" in this prospectus to achieve our Group's objective to achieve sustainable growth and further strengthen our overall competitiveness and business growth in the apparel SCM services industry. We believe the setting up of two representative offices in the U.S. and France respectively can strengthen our business relationships with the existing customers. Our Directors consider that fashion is a fast moving industry with new ideas and trends appearing in the market on a constant basis. Due to the differences in location and time zone, we are unable to obtain first-handed information of both of our major customers as well as our major markets or respond to our customers in a timely manner. By setting the two representative offices, we plan to recruit some talented sales and marketing people to strengthen our team and these new staff can reach out to new customers and broaden our customer base. It also facilitates the communication and sales and marketing work with our customers in these overseas markets in the absence of direct involvement by our management team members, thus enabling our management team members to better allocate their time to the overall management of our Group. In addition, according to Frost & Sullivan Report, some of our key competitors have also set up representative offices in their key markets. For details, please refer to the paragraph headed "Key drivers for the SCM market in Hong Kong – Optimisation of supply chain" under the section headed "Industry overview" in this prospectus. We also consider that the quality control office in the PRC can elevate our quality control standard and enhance the confidence of our customers. The use of proceeds can also allow us to pay off a certain amount of our bank borrowings and which in turn improve our financial condition and lower our gearing ratio and finance costs. In this connection, we consider that the use of proceeds can enhance our reputation and provide the necessary resources to strengthen our competitiveness.

Our business strategies are supported by our business performance during the Track Record Period. Notwithstanding the average market outlook in the U.S. and France, our total sales volume increased from 722,493 units for the year ended 31 March 2016 to 921,075 units for the year ended 31 March 2017, and increased from 517,081 units for the six months ended 30 September 2016 to 550,403 units for the six months ended 30 September 2017. Our revenue also increased by approximately 23.4% from approximately HK$94.2 million for the year ended 31 March 2016 to approximately HK$116.2 million for the year ended 31 March 2017 and remained relatively stable for the six months ended 30 September 2017. In addition, as at the Latest Practicable Date, we had secured sales orders in the amount of approximately HK$25.2 million. By comparison, the annual operational costs expected to be incurred for setting up the representative offices and the quality control office in the amount of HK$13.2 million in total represent approximately 11.4% of our revenue for the year 31 March 2017. For the above reasons, we believe there will be sufficient demand to support our business strategies.

Further, although we have not entered into any long-term contracts with our customers which is in line with common market practice, we are able to maintain business relationship with our five largest customers during the Track Record Period for one to seven years. We are also able to develop business from new customers. During the Track Record Period, we had 13 new customers in the U.S., our sales to which during the same period amounted to approximately HK$25.8 million in total, and one new customer in France, our sales to which during the same period amounted to approximately HK$201,000 in total.

We believe that we are able to maintain and develop business with existing and new customers under average market conditions is attributable to our competitive strengths that (i) we are able to provide full spectrum of apparel SCM services; (ii) we have established business relationships with renowned international trendy brands; (iii) we are able to provide a wide range of apparel products and accessories with flexible manufacturing solutions and (iv) our management team has extensive apparel industry knowledge and experiences. For details, please refer to the paragraph headed "Competitive strengths" under the section headed "Business" in this prospectus.

Based on the experience and to the best knowledge of our Directors, it is estimated that it will take around nine months for the sales personnel of the new representative offices to secure their first purchase order from a new customer, taking into account the time needed to approach new customers and conduct sales and marketing work and the lead time for product development work. As such, our Group has to bear a substantial amount of operational costs before any revenue is generated from the new representative offices. Therefore, there is a strong funding need to support the operation of the new representative offices at the initial stage of establishment, and the Share Offer will provide the necessary financial resources to our Group.

With reference to our bank balances and cash of approximately HK$12.2 million as at 30 September 2017, the internal financial resources of our Group (after deducting the amount to be used as working capital) is insufficient to fund our business strategies. While our unutilised bank facilities were approximately HK$22.0 million as at 30 September 2017 and approximately HK$23.0 million as at 31 January 2018, we had a relatively high gearing ratio of approximately 84.6% as at 30 September 2017. Moreover, we had already mortgaged all of our properties as securities for our banking facilities as at the Latest Practicable Date. Our Directors believe that there will be difficulty in obtaining further debt financing through further mortgaging our properties, and in such event the finance costs and interest rate will be much higher. Further, even if we try to obtain further debt financing through further mortgaging our properties, there would still be a shortfall of funding for executing our business strategies. Further, the amount of bank facilities available to us is dependent on the market value of our properties that are used as securities, which is turn is dependent on the economy and property market of Hong Kong and may volatile beyond our control. In addition, we have to maintain sufficient banking facilities to accommodate our financing needs for our business operations from time to time. For the two years ended 31 March 2017 and the six months ended 30 September 2017, our average monthly expenditure for our business operations was approximately HK$6.8 million, HK$8.2 million and HK$9.8 million, respectively, of which (i) the cost of sales, including our cost of goods sold, raw materials and consumable used , freight and transportation, laboratory test and inspection fee, declaration and license charges and other charges, accounted for approximately HK$5.9 million, HK$7.2 million and HK$8.8 million, respectively; (ii) the administrative expenses, including but not limited to staff costs and benefits, rent and rates, Director's emolument, entertainment, office expenses and legal and professional fees accounted for approximately HK$0.5 million, HK$0.6 million and HK$0.6 million, respectively; and (iii) the selling and distribution expenses accounted for approximately HK$0.4 million, HK$0.4 million and HK$0.4 million, respectively. Relying on debt financing to fund our business strategies would mean incurring more finance costs and bearing greater financial risk and liability, which is contrary to maintaining financial stability and is therefore not our most preferred approach. Hence, it is in the interest of our Group to fund our business strategies through equity financing by way of the Share Offer.

We believe that the listing status will enhance our reputation and corporate profile, strengthen our market position and raise our publicity as the majority of our customers are located overseas and in particular some of them are listed companies, and in turn will increase our competitiveness against a number of our competitors within the industry which are listed companies. We believe that the listing status, which entails public financial disclosures and regulatory supervision, can enhance our corporate profile and credibility. In addition, we are of the view that the listing status will also increase our bargaining power in negotiating terms with our customers and potential business partners as business relationship with a listed company will be more trustworthy to them. As a listed entity, we will become more visible to the public and our customers will have more confidence in the quality of our products and services, our financial strength and credibility and our internal control systems.

Furthermore, the listing status will give us access to the capital market for corporate finance exercise which assists us in our future business development and strengthens our competitiveness. During the Track Record Period, we utilised banking facilities as one of the methods to finance our business activities. We believe that the listing status would broaden not only our equity financing alternatives but also enable us to seek debt financing at more favourable terms.

USE OF PROCEEDS

Net proceeds of the Listing, after deducting the relevant portion of the underwriting commission and other expenses relating to the Listing payable by our Company and based on the Offer Price of HK$0.55, being the mid-point of the indicative Offer Price range of HK$0.50 to HK$0.60 per Offer Share, is expected to be approximately HK$29.9 million. We presently intend that the net proceeds from the Share Offer will be applied as follows:

	For the six months ending					
	30 September 2018	**31 March 2019**	**30 September 2019**	**31 March 2020**	**Total**	**Approximate % of the total net proceeds**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	
(1) **Strengthening customer relationships and enhancing market presence by setting up representative offices in the U.S. and France**						
Setting up and leasing a representative office in Los Angeles, the U.S.	625	353	358	353	1,689	5.6%
Recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	1,784	1,784	1,784	1,784	7,136	23.9%
Arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	835	835	835	835	3,340	11.2%
Setting up and leasing a representative office in Paris, France	–	501	231	236	968	3.2%
Recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	–	1,413	1,413	1,413	4,239	14.2%
Arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in Europe	–	671	754	754	2,179	7.3%
(2) **Establishing a quality control office in the PRC**						
Setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	330	118	149	118	715	2.4%
Recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	543	1,086	1,086	1,086	3,801	12.7%

	For the six months ending 30 September 2018 (HK$'000)	31 March 2019 (HK$'000)	30 September 2019 (HK$'000)	31 March 2020 (HK$'000)	Total (HK$'000)	Approximate % of the total net proceeds
(3) **Repaying bank borrowings**						
Partially repaying a revolving loan with an interest rate of HKD prime rate + 0.5% per annum, which are used to finance our daily operations and are payable within one to three months from the drawdown date or on demand of the bank	4,000	–	–	–	4,000	13.4%
(4) **General working capital**	1,833	–	–	–	1,833	6.1%
	9,950	6,761	6,610	6,579	29,900	100.0%

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK$0.60 per Offer Share, the net proceeds of the Share Offer will increase by approximately HK$2.9 million. In such case, we intend to apply the additional net proceeds for the above purposes on a pro-rata basis.

If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$0.50 per Offer Share, the net proceeds of the Share Offer will decrease by approximately HK$4.7 million. In such case, we intend to reduce the allocation of such net proceeds for the above purposes on a pro-rata basis.

As a result of utilising the net proceeds from the Share Offer of approximately HK$10.9 million (based on the Offer Price of HK$0.55 per Share, being mid-point of the Offer Price range of HK$0.50 and HK$0.60 per Offer Share) to set up representative offices in the U.S. and France and quality control office in the PRC during the year ending 31 March 2019, it is expected that the administrative expenses will increase substantially which may result in significant decline in net profit for that financial year.

We estimate that the Selling Shareholder will receive net proceeds of approximately HK$10.3 million based on the Offer Price of HK$0.55 per Share (being the mid-point of the indicative Offer Price range of HK$0.50 and HK$0.60 per Offer Share), after deducting the relevant portion of the underwriting commission to be borne by the Selling Shareholder and any applicable stamp duty in connection with the sale of Sales Shares in the Share Offer. We will not receive any of the net proceeds of the Share Offer from the sale of Sale Shares by the Selling Shareholder.

To the extent our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance by our internal resources and bank loans.

To the extent that the net proceeds from the Share Offer are not immediately used for the above purposes, they will be placed on short-term interest bearing deposits with licensed commercial banks or financial institutions.

PUBLIC OFFER UNDERWRITERS

Astrum Capital Management Limited
Quasar Securities Co., Limited
Pacific Foundation Securities Limited
CNI Securities Group Limited

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Astrum Capital Management Limited
Quasar Securities Co., Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Public Offer Underwriting Agreement is conditional upon and subject to, among others, the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

Subject to, among other conditions, the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers to subscribe for the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The Sole Sponsor and Joint Bookrunners (for themselves and on behalf of all the Public Offer Underwriters) shall have the absolute right by notice in writing to us to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the "**Termination Time**") if any of the following events shall occur prior to the Termination Time:–

(a) There comes to the notice of the Sole Sponsor or the Joint Bookrunners:

(i) any of the warranties to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a material breach of any of the warranties or any other provision of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement other than the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters which, in any such cases, is considered, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters), to be material in the context of the Public Offer; or

(ii) any matter which, had it arisen or has been discovered which, has arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission from this prospectus and/or in any notices or announcements issued by on behalf of our Company in connection with the Public Offer; or

(iii) any statement contained in this prospectus, the Application Forms, the formal notice or any announcements in the agreed form issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was considered by the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) to be material in their absolute opinion which is discovered to be or becomes untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(iv) any matter, event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, the executive Directors and the Controlling Shareholders out of or in connection with any material breach, inaccuracy and/or incorrectness of the warranties and/or pursuant to the indemnities given by our Company, the Controlling Shareholders or any of them under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings of any party to the Public Offer Underwriting Agreement other than the Sole Sponsor, the Joint Bookrunners or the Public Offer Underwriters; or

(vi) any material adverse change or a prospective material adverse change in the business, results of operation, financial or trading position, or prospects of our Group as a whole the effect of which is, in the absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters), so material and adverse as to make it impracticable or inadvisable to proceed with the Share Offer; or

(vii) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) any person (other than the Joint Bookrunners and the Public Offer Underwriters) has withdrawn or sought to withdraw its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(b) if there develops, occurs, exists or comes into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

(i) any new laws or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the BVI, the PRC, North America, Europe and Oceania or any other jurisdictions relevant to any member of our Group (the "**Relevant Jurisdictions**"); or

(ii) any change or prospective change (whether or not permanent) in local, national, regional or international stock market conditions; or

(iii) the imposition of any moratorium, suspension or restriction or limitation on trading in securities generally on the Stock Exchange or other major stock exchanges in the United States, the United Kingdom, Japan or the PRC due to exceptional financial circumstances or otherwise; or

(iv) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in any of the Relevant Jurisdictions; or

(v) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vi) any change or development or event or a prospective change or development or event in our Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects, general affairs, shareholders' equity, management, position or condition, financial or otherwise, whether or not arising in the ordinary course of business; or

(vii) any change or development (whether or not permanent), or any event or series of events resulting in any change or development involving a prospective change or development, or any event or series of events resulting or likely to result in or representing any prospective change or development in, local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States) in or affecting any of the Relevant Jurisdictions; or

(viii) a general moratorium on commercial banking business activities in any of the Relevant Jurisdictions declared by the relevant authorities or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or

(ix) any event or series of events in the nature of force majeure including but without limiting the acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, tsunami, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak of disease (including without limitation Severe Acute Respiratory Syndromes (SARS), H5N1, H1N1, H7N9)), economic sanctions, in or affecting any of the Relevant Jurisdictions; or

(x) a contravention by any member of our Group of the GEM Listing Rules or any applicable laws or regulations in the PRC, the Cayman Islands, Hong Kong and the BVI; or

(xi) any litigation or claim of any third party being threatened or instigated against any member of our Group, our Company, the executive Directors and/or the Controlling Shareholders; or

(xii) any change or development involving a prospective change, or materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

(xiii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(xiv) an order or petition is presented for the winding up or liquidation of our Group or any of its members, or our Group or any of its members make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xv) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which such member of our Group is liable prior to its stated maturity, or any loss or damage sustained any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xvi) any material loss or damage on our Group's financial and business operations sustained by the Company or any of its Subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xvii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription of the Public Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or

(xviii) any judicial, regulatory or governmental authority or political body or organisation in any of the Relevant Jurisdictions commencing any investigation, action, claim or proceedings, or announcing an intention to investigate or take any action, against any Director; or

(xix) any Director being charged with an indictable offence or prohibited by the operation of law or otherwise disqualified from taking part in the management of a company; or

(xx) the chairman or chief executive officer of our Company vacating his office; or

(xxi) any prohibition on our Company for whatever reason from allotting the Offer Shares pursuant to the Share Offer and the terms set out in the Public Offer Underwriting Agreement and this prospectus; or

(xxii) other than with the approval of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters), the issue or the requirement to issue by our Company of any supplement or amendment to the prospectus (or to any documents used in connection with the Share Offer) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xxiii) any event which gives rise or would give rise to any liability on the part of our Company and/or the Controlling Shareholders pursuant to the indemnity provisions contained in the Public Offer Underwriting Agreement; or

(xxiv) a material breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement or of any of the other obligations imposed upon or undertakings given by our Company under the Public Offer Underwriting Agreement,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and after consultation with our Company:

(a) has or may have or will have or is likely to have a materially adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, trading position, results of operation, prospects, position or condition, financial or otherwise, or performance of our Company or our subsidiaries as a whole; or

(b) has or may have or will have or is likely to have a material adverse effect on the success or the indication of level of interest in the Share Offer; or

(c) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus.

Undertakings

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Placing and the Public Offer, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the date on which the Shares first commence dealing on GEM (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except for the circumstances permitted pursuant to Rule 17.29(1) to (5) of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, Giant Treasure, Mr. Leung and Ms. Tam, as a group of Controlling Shareholders, have jointly undertaken to our Company and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, they shall not, and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder.

Pursuant to Rule 13.19 of the GEM Listing Rules, Giant Treasure, Mr. Leung and Ms. Tam, as a group of Controlling Shareholders, have also jointly undertaken to our Company and the Stock Exchange that they shall, and shall procure that the relevant registered holder(s) shall,

(1) in the event that any of them pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods specified above, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(2) having pledged or charged any interest in the Shares under paragraph (1) above, inform our Company immediately in the event that any of them becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under paragraphs (1) or (2) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

Undertakings to our Company, the Sole Sponsor and the Joint Bookrunners pursuant to the Public Offer Underwriting Agreement

Undertakings by our Controlling Shareholders

Our Controlling Shareholders, as a group, have jointly undertaken to and covenanted with each of our Company, the Sole Sponsor and the Joint Bookrunners that, unless in compliance with the GEM Listing Rules (subject to final discussion and pursuant to the Public Offer, the Capitalisation Issue), they shall not, and shall procure that their associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for any of them or the companies controlled by any of them shall not, without the prior written consent of the Sole Sponsor and the Joint Bookrunners:

(a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of the securities of our Company in respect of which any of our Controlling Shareholders is shown by this prospectus to be the beneficial owner (whether direct or indirect); and

(b) in the period of 24 months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of any of the securities as referred to in sub-paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

The additional 18 month lock-up undertaking given by our Controlling Shareholders over and above the lock-up undertaking pursuant to Rule 13.16A(1) of the GEM Listing Rules as described above is voluntary in nature and is irrevocable.

Our Controlling Shareholders as a group have also undertaken to our Company, the Sole Sponsor and the Joint Bookrunners that they shall, and shall procure that the relevant registered holder(s) shall,

(1) in the event that any of them pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods specified above, inform our Company, the Sole Sponsor and the Joint Bookrunners immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(2) having pledged or charged any interest in the Shares under paragraph (1) above, inform our Company, the Sole Sponsor and the Joint Bookrunners immediately in the event that any of them becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under paragraphs (1) or (2) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Underwriting Agreements and any breach by our Company or our Controlling Shareholders or our executive Directors of the Underwriting Agreements.

Placing

Placing Underwriting Agreement

In connection with the Placing, the Controlling Shareholders, the Selling Shareholder, executive Directors and our Company expect to enter into the Placing Underwriting Agreement with the Joint Bookrunners and the Placing Underwriters, on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers to subscribe for, or failing which they shall subscribe for, 108,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

It is expected that pursuant to the Placing Underwriting Agreement, (i) our Company and (ii) each of the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraphs headed "Underwriting arrangements and expenses – Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

It is expected that each of the Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by him/her/it in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraphs headed "Underwriting arrangements and expenses – Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission, out of which they will pay any sub-underwriting commissions (if any). The amount of underwriting commission shall be determined as follows:

1. If the final Offer Price is less than HK$0.57, 6.0% of the aggregate Offer Price of all the Offer Shares; and

2. If the final Offer Price equals to or is higher than HK$0.57, 9.0% of the aggregate Offer Price of all the Offer Shares.

Assuming the Offer Price of HK$0.60 per Offer Share, being the highest of the indicative range of the Offer Price, the aggregate commissions and estimated expenses, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK$28.3 million, of which the Selling Shareholder shall bear approximately HK$1.1 million, which represents the underwriting commission attributable to the sale of the Sale Shares, and our Company shall bear the remaining approximately HK$27.2 million.

Assuming the Offer Price of HK$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price, such aggregate commissions and listing expenses are estimated to be approximately HK$25.8 million, of which the Selling Shareholder shall bear approximately HK$0.7 million, with the remaining of approximately HK$25.1 million to be borne by our Company.

Assuming the Offer Price of HK$0.50 per Offer Share, being the lowest of the indicative range of the Offer Price, such aggregate commissions and listing expenses are estimated to be approximately HK$25.4 million, of which the Selling Shareholder shall bear approximately HK$0.6 million, with the remaining of approximately HK$24.8 million to be borne by our Company.

Our Company, amongst other parties, has agreed to indemnify the Sole Sponsor and the Joint Bookrunners for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements, and any breach by our Company of the Underwriting Agreements.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Sponsor has been appointed as the compliance adviser of our Company with effect from the Listing Date until despatch of the audited consolidated financial results for the second full financial year after the Listing Date, and our Company will pay to the Sole Sponsor an agreed fee for its provision of services with the scope required under the GEM Listing Rules.

The Underwriters will receive an underwriting commission as set forth in the sub-section headed "Total commission, fee and expenses" above in this section.

Save as disclosed above, none of the Sole Sponsor and the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group nor any interest in the Share Offer.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25.0% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- the Public Offer of 12,000,000 Shares (subject to reallocation as mentioned below) as described under the paragraphs headed "The Public Offer" in this section; and

- the Placing of an aggregate of 108,000,000 Shares comprising 88,000,000 New Shares and 20,000,000 Sale Shares (subject to reallocation as mentioned below) as described under the paragraphs headed "The Placing" in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong.

The Placing will involve selective marketing of the Offer Shares to institutional, professional and other investors. The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraphs headed "Pricing and Allocation" in this section.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK$0.60 per Offer Share and not less than HK$0.50 per Offer Share, unless otherwise announced. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK$0.60 per Public Offer Share plus 1.0% brokerage, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$2,424.18 for one board lot of 4,000 Shares. Each Application Form includes a table showing the exact amounts payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$0.60 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest.

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about Monday, 9 April 2018.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Monday, 9 April 2018 and in any event, no later than 12:00 noon on Wednesday, 11 April 2018.

If, for any reason, our Company (for itself and on behalf of the Selling Shareholder) and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 12:00 noon on Wednesday, 11 April 2018, the Share Offer will not proceed and will lapse.

Reduction in the number of Offer Shares and/or indicative Offer Price range

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, based on the book-building process and with the prior consent of our Company (for itself and on behalf of the Selling Shareholder), reduce the number of Offer Shares and/or the indicative Offer Price range below that disclosed in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event no later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of the Stock Exchange and our Company a notice of reduction of the number of Offer Shares and/or the Offer Price range. Such notice shall also include confirmation or revision, as appropriate, of the working capital statement, offer statistics and any financial or other information in the Prospectus which may change as a result of any such reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive. In the absence of any such notice so published, the number of Offer Shares and/or the indicative Offer Price range will not be reduced. If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants who have submitted an application under the Public Offer will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Allocation

The Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Allocation of the Offer Shares pursuant to the Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after Listing. Such allocation may be made to professional, institutional and other investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

Allocation of the Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Friday, 13 April 2018 on the Stock Exchange's website and on our Company's website.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** application forms, or by giving **electronic application instructions** to HKSCC will be made available through a variety of channels as described in the section headed "How to Apply for Public Offer Shares – 10. Publication of results" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be made available pursuant to the Capitalisation Issue);
- the Offer Price having been duly agreed on or around the Price Determination Date;
- the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not beyond the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will cause to be published by us on the Stock Exchange's website and on our Company's website on the next day following such lapse.

Share certificates for the Offer Shares are expected to be issued on Friday, 13 April 2018 but will only become valid certificates of title at 8:00 a.m. on Monday, 16 April 2018, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Public Offer – Grounds for Termination" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 12,000,000 Public Offer Shares at the Offer Price, representing 10.0% of the 120,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 3.0% of the total issued share capital of our Company immediately after completion of the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Completion of the Public Offer is subject to the conditions as set out in the paragraphs headed "Conditions of the Public Offer" in this section.

Allocation

The Public Offer is open for subscription to all members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. Allocation of the Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Placing Shares in the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. Multiple or suspected multiple applications and any application for more than 100.0% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

(a) Where the Placing Shares are fully subscribed or oversubscribed:

(i) if the Public Offer Shares are not fully subscribed, the Joint Bookrunners (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Joint Bookrunners (for themselves and on behalf of the Underwriters) deem appropriate;

(ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times of the number of Offer Shares initially available under the Public Offer, then up to 12,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 24,000,000, representing 20% of the Offer Shares initially available under the Share Offer;

(iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available under the Public Offer, then 24,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 36,000,000, representing 30% of the Offer Shares initially available under the Share Offer;

(iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available under the Public Offer, then 36,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 48,000,000, representing 40% of the Offer Shares initially available under the Share Offer; and

(v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available under the Public Offer, then 48,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 60,000,000, representing 50% of the Offer Shares initially available under the Share Offer.

(b) Where the Placing Shares are not fully subscribed:

(i) if the Public Offer Shares are not fully subscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and Underwriting Agreements; and

(ii) if the Public Offer Shares are fully subscribed irrespective of the number of times the number of Offer Shares initially available under the Public Offer, then up to 12,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 24,000,000, representing 20% of the Offer Shares initially available under the Share Offer.

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (xx) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (yy) the Placing Shares are not fully subscribed and the Public Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$0.50 per Offer Share) stated in this prospectus.

In addition, the Joint Bookrunners may in their sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 6 of the GEM Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 24,000,000 Offer Shares).

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Applications

The Joint Bookrunners (for themselves on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 108,000,000 Shares, representing 90.0% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 27.0% of our Company's enlarged issue share capital immediately after the completion of the Share Offer. The Placing is subject to the Public Offer being unconditional.

Allocation

Pursuant to the Placing, the Placing Underwriters will conditionally place the Placing Shares with institutional, professional and other investors expected to have a sizeable demand for the Shares in Hong Kong. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in paragraph headed "Pricing and allocation" in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Bookrunners may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 16 April 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 16 April 2018. The Shares will be traded in board lots of 4,000 Shares.

1. HOW TO APPLY

To apply for Public Offer Shares, you may:

– use a **WHITE** or **YELLOW** Application Form;

– electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

– are 18 years of age or older;

– have a Hong Kong address;

– are outside the United States, and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act); and

– are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Bookrunners may accept or reject it at their discretion and on any conditions they think fit, including the provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

– an existing beneficial owner of shares in our Company and/or any of its subsidiaries;

– a director or chief executive officer of our Company and/or any of its subsidiaries;

– a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Public Offer;

– an associate (as defined in the GEM Listing Rules) of any of the above; or

– have been allocated or have applied for any Placing Shares or otherwise participated in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 29 March 2018 until 12:00 noon on Friday, 6 April 2018:

(i) the following address of the Public Offer Underwriters:

Underwriters' name	**Address**
Astrum Capital Management Limited	Room 2704, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty, Hong Kong
Quasar Securities Co., Limited	Unit A, 12/F, Harbour Commercial Building 122-124 Connaught Road Central Hong Kong
Pacific Foundation Securities Limited	11th Floor, New World Tower II 16-18 Queen's Road Central Hong Kong
CNI Securities Group Limited	10th Floor, Sun's Group Centre 200 Gloucester Road Wan Chai, Hong Kong

(ii) the following branches of the receiving bank, Bank of China (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
Kowloon	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	City One Sha Tin Branch	Shop Nos. 24-25, G/F, Fortune City One Plus, No. 2 Ngan Shing Street, ShaTin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 29 March 2018 until 12:00 noon on Friday, 6 April 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – ICENTURY HOLDING PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving bank listed above, at the following times:

Thursday, 29 March 2018	**–**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 3 April 2018	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 4 April 2018	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 6 April 2018	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 6 April 2018, the last application day or such later time described in the paragraphs under "9. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Public Offer in this prospectus;

(vi) agree that none of our Company, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Share Offer nor participated in the Share Offer;

(viii) agree to disclose to our Company, the Selling Shareholder, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Underwriters, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Selling Shareholder, the Sole Sponsor, and the Joint Bookrunners, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfil the criteria mentioned in the paragraphs under "Personal collection" in this section to collect Share certificate and/or refund cheque;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Selling Shareholder and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for further information.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and the Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

- (if the electronic instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, the Selling Shareholder, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Selling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Selling Shareholder, the Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the relevant Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 29 March 2018	–	**9:00 a.m. to 8:30 p.m.(1)**
Tuesday, 3 April 2018	–	**8:00 a.m. to 8:30 p.m.(1)**
Wednesday, 4 April 2018	–	**8:00 a.m. to 8:30 p.m.(1)**
Friday, 6 April 2018	–	**8:00 a.m.(1) to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 29 March 2018 until 12:00 noon on Friday, 6 April 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 6 April 2018, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section below.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Selling Shareholder, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Selling Shareholder, our Directors, the Sole Sponsor, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE**

Application Form or **YELLOW** Application Form or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 6 April 2018.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

– an account number; or

– some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

– the principal business of that company is dealing in securities; and

– you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

– control the composition of the board of directors of our company;

– control more than half of the voting power of our company; or

– hold more than half of the issued share capital of our company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Public Offer Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 4,000 Public Offer Shares. Each application or electric application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set forth in the table in the Application Form.

If your application is successful, brokerage will be paid to the participants of the Stock Exchange, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Further information on the Offer Price is set forth in the section headed "Structure and conditions of the Share Offer – Pricing and allocation" in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 April 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 6 April 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 13 April 2018 on our Company's website (**www.icenturyholding.com**) and the Stock Exchange's website (**www.hkexnews.hk**).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website (**www.icenturyholding.com**) and the Stock Exchange's website (**www.hkexnews.hk**) by no later than 8:00 a.m. on Friday, 13 April 2018;

– from the designated results of allocations website (**www.tricor.com.hk/ipo/result**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 13 April 2018 to 12:00 midnight on Thursday, 19 April 2018;

– by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 13 April 2018 to Wednesday, 18 April 2018 (excluding Saturday and Sunday);

– in the special allocation results booklets which will be available for inspection during opening hours from Friday, 13 April 2018 to Tuesday, 17 April 2018 at designated branches of the receiving bank.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Public Offer are satisfied and the Public Offer is not otherwise terminated. Conditions of the Public Offer are set forth in the section headed "Structure and conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

– within three weeks from the closing date of the application lists; or

– within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

– you make multiple applications or suspected multiple applications;

– you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

– your Application Form is not completed in accordance with the stated instructions;

– your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

– any of the Underwriting Agreements does not become unconditional or are terminated;

– our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

– you apply for more than 12,000,000 Public Offer Shares.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.60 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer – Conditions of the Public Offer" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or about Friday, 13 April 2018.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

– Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

– refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/ passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or about Friday, 13 April 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 16 April 2018 provided that the Public Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 13 April 2018 or such other date as announced by our Company.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Friday, 13 April 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 13 April 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participants stock account as stated in your Application Form on Friday, 13 April 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

– *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

– *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph "10. Publication of Results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 13 April 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 13 April 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "10. Publication of results" above on Friday, 13 April 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 13 April 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 13 April 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 13 April 2018.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-46, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

29 March 2018

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF I.CENTURY HOLDING LIMITED AND MESSIS CAPITAL LIMITED

Introduction

We report on the historical financial information of i.century Holding Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-46, which comprises the combined statements of financial position as at 31 March 2016 and 2017 and 30 September 2017 , and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-46 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 March 2018 (the "**Prospectus**") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016 and 2017 and 30 September 2017, the Company's financial position as at 30 September 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2016 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 17 to the Historical Financial Information which contains information about the dividends paid by the Company's subsidiary and states that no dividends have been declared by the Company in respect of the Track Record Period.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Combined statements of profit or loss and other comprehensive income

		Year ended 31 March		Six months ended 30 September	
		2016	**2017**	**2016**	**2017**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	*9*	94,155	116,154	70,596	69,843
Cost of sales		(70,953)	(86,444)	(51,640)	(52,991)
Gross profit		23,202	29,710	18,956	16,852
Other income	*10*	442	901	383	522
Other (losses)/gains	*11*	(820)	(158)	29	250
Selling and distribution expenses		(4,993)	(4,833)	(2,477)	(2,291)
Administrative expenses		(5,550)	(7,516)	(4,099)	(3,765)
Listing expenses		–	(225)	–	(10,616)
Finance costs	*12*	(443)	(344)	(230)	(232)
Profit before tax	*13*	11,838	17,535	12,562	720
Income tax	*16*	(1,931)	(3,017)	(2,073)	(1,870)
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company		9,907	14,518	10,489	(1,150)

The accompanying notes form an integral part of the Historical Financial Information.

Combined statements of financial position

		The Group			The Company
		As at 31 March		As at 30 September	as at 30 September
		2016	2017	2017	2017
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Property, plant and equipment	*19*	7,360	7,217	7,153	–
Investment in a subsidiary	*33(a)*	–	–	–	1
		7,360	7,217	7,153	1
Current assets					
Inventories	*20*	716	2,126	911	–
Trade receivables	*21*	5,910	6,751	19,812	–
Deposits, prepayments and other receivable	*22*	5,994	3,592	7,484	3,145
Amounts due from related companies	*23*	11,048	468	16	–
Amount due from a shareholder	*23*	–	4,949	9,078	–
Bank balances and cash	*24*	10,310	10,719	12,173	–
		33,978	28,605	49,474	3,145
Current liabilities					
Trade payables	*25*	3,911	2,280	10,729	–
Other payables and accruals	*26*	2,028	626	7,514	–
Trade deposit received		6,510	5,914	3,654	–
Amount due to a related company	*23*	384	–	–	–
Amount due to a subsidiary	*33(b)*	–	–	–	13,762
Amount due to a shareholder	*23*	2,450	–	–	–
Borrowings	*27*	10,136	7,121	14,178	–
Tax payable		1,527	1,934	3,755	–
		26,946	17,875	39,830	13,762
Net current assets/(liabilities)		7,032	10,730	9,644	(10,617)
Total assets less current liabilities		14,392	17,947	16,797	(10,616)
Capital and reserves					
Share capital	*29, 33(c)*	–	–	–	–
Retained earnings/(accumulated losses)		14,386	17,904	16,754	(10,616)
Total equity		14,386	17,904	16,754	(10,616)
Non-current liability					
Deferred tax	*28*	6	43	43	–
		6	43	43	–
		14,392	17,947	16,797	(10,616)

The accompanying notes form an integral part of the Historical Financial Information.

Combined statements of changes in equity

	Share capital	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	–	4,479	4,479
Profit and total comprehensive income for the year	–	9,907	9,907
At 31 March 2016 and 1 April 2016	–	14,386	14,386
Dividends paid	–	(11,000)	(11,000)
Profit and total comprehensive income for the year	–	14,518	14,518
At 31 March 2017 and 1 April 2017	–	17,904	17,904
Loss and total comprehensive loss for the period	–	(1,150)	(1,150)
At 30 September 2017	–	16,754	16,754
At 1 April 2016	–	14,386	14,386
Profit and total comprehensive income for the period	–	10,489	10,489
At 30 September 2016 (Unaudited)	–	24,875	24,875

Combined statements of cash flows

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Operating activities				
Profit before tax	11,838	17,535	12,562	720
Adjustments for:				
Interest income	(2)	(2)	(1)	(2)
Finance costs	443	344	230	232
Depreciation of property, plant and equipment	195	194	95	98
Reversal of impairment loss recognised in respect of trade receivables	–	–	–	(109)
Impairment loss recognised in respect of trade receivables	782	128	–	–
Operating cash flows before movements in working capital	13,256	18,199	12,886	939
(Increase)/decrease in inventories	(716)	(1,410)	(4,053)	1,215
Increase in trade receivables	(3,999)	(969)	(6,823)	(12,952)
(Increase)/decrease in deposits, prepayments and other receivable	(2,654)	2,477	733	(822)
Increase/(decrease) in trade payables	3,196	(1,631)	6,897	8,449
(Decrease)/increase in other payables and accruals	(36)	(1,402)	(983)	3,818
Increase/(decrease) in trade deposits received	3,527	(596)	(2,301)	(2,260)
Cash generated from/(used in) operations	12,574	14,668	6,356	(1,613)
Income tax paid	(489)	(2,573)	–	(49)
Net cash generated from/(used in) operating activities	12,085	12,095	6,356	(1,662)
Investing activities				
Interest received	2	2	1	2
Purchase of property, plant and equipment	–	(51)	(28)	(34)
(Increase)/decrease in amounts due from related companies	(1,144)	10,580	(7)	452
Increase in amount due from a shareholder	–	(4,949)	–	(4,129)
Net cash (used in)/generated from investing activities	(1,142)	5,582	(34)	(3,709)

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Financing activities				
Interest paid	(443)	(344)	(230)	(232)
Proceeds from bank borrowings	4,000	3,000	3,000	10,000
Repayment of bank borrowings	(1,640)	(8,718)	(7,849)	(5,661)
Increase/(decrease) in amount due to a related company	384	(384)	388	–
Decrease in amount due to a shareholder	(3,178)	(2,450)	(820)	–
Listing expenses paid	–	(75)	–	–
Dividends paid	–	(11,000)	–	–
Net cash (used in)/generated from financing activities	(877)	(19,971)	(5,511)	4,107
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts	10,066	(2,294)	811	(1,264)
Cash and cash equivalents, net of bank overdrafts at beginning of year/period	(2,372)	7,694	7,694	5,400
Cash and cash equivalents, net of bank overdrafts, at end of the year/period	7,694	5,400	8,505	4,136
Analysis of balances of cash and cash equivalents				
Bank balances and cash	10,310	10,719	9,322	12,173
Bank overdrafts *(note 27)*	(2,616)	(5,319)	(817)	(8,037)
	7,694	5,400	8,505	4,136

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the group's combined statement of cash flows as cash flows from financing activities.

	Bank borrowings – secured and guaranteed	Amount due to a shareholder	Amount due to a related company	Total
At 1 April 2015	5,160	5,628	–	10,788
Cash flows				
– Proceeds from bank borrowings	4,000	–	–	4,000
– Repayment of bank borrowings	(1,640)	–	–	(1,640)
– Proceeds from a shareholder	–	5,325	–	5,325
– Repayment to a shareholder	–	(8,503)	–	(8,503)
– Proceeds from a related company	–	–	384	384
At 31 March 2016	7,520	2,450	384	10,354
At 1 April 2016	7,520	2,450	384	10,354
Cash flows				
– Proceeds from bank borrowings	3,000	–	–	3,000
– Repayment of bank borrowings	(8,718)	–	–	(8,718)
– Proceeds from a shareholder	–	8,772	–	8,772
– Repayment to a shareholder	–	(11,222)	–	(11,222)
– Proceeds from a related company	–	–	396	396
– Repayment to a related company	–	–	(780)	(780)
At 31 March 2017	1,802	–	–	1,802
At 1 April 2016	7,520	2,450	384	10,354
Cash flows				
– Proceeds from bank borrowings	3,000	–	–	3,000
– Repayment of bank borrowings	(7,849)	–	–	(7,849)
– Proceeds from a shareholder	–	1,200	–	1,200
– Repayment to a shareholder	–	(2,020)	–	(2,020)
– Proceeds from a related company	–	–	388	388
At 30 September 2016 (Unaudited)	2,671	1,630	772	5,073
At 1 April 2017	1,802	–	–	1,802
Cash flows				
– Proceeds from bank borrowings	10,000	–	–	10,000
– Repayment of bank borrowings	(5,661)	–	–	(5,661)
At 30 September 2017	6,141	–	–	6,141

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 20 June 2017. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 212-215,2/F, Elite Industrial Centre, 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

The Company is an investment holding company and the subsidiaries now comprising the Group are principally engaged in provision of apparel supply chain management ("**SCM**") services (the "**Listing Business**").

The Historical Financial Information is presented in thousand of Hong Kong dollar ("**HK$'000**") unless otherwise stated.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

At the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of subsidiary	Place and date of incorporation	Issued and paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Century Momentum Group Limited *(Note a)*	British Virgin Islands ("**BVI**")/ 5 July 2017	USD100	100%	–	Investment holding
Majestic City International Limited *(Note b)*	Hong Kong/ 18 August 2008	HK$2	–	100%	Provision of apparel SCM services
Success Great Corporation Limited *(Note c)*	Hong Kong/ 10 October 2014	HK$2	–	100%	Provision of apparel SCM services

Notes:

(a) No audited financial statements have been issued for this company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

(b) The statutory financial statements prepared under Small and Medium-sized Entity Financial Reporting Standard ("**SME-FRS**") were audited by Infinity Assurance Limited, Certified Public Accountants, for the year ended 31 March 2016 and the statutory financial statements prepared in accordance with HKFRSs were audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, for the year ended 31 March 2017.

(c) The company comprising the Group has adopted 30 September as its financial year end date. The statutory financial statements prepared under SME-FRS for the period from 10 October 2014 (date of incorporation) to 30 September 2015 and for the year ended 30 September 2016 were audited by Infinity Assurance Limited, Certified Public Accountants.

2 BASIS OF PREPARATION AND PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 20 March 2018. The companies now comprising the Group were under the common control of the controlling shareholders, Mr. Leung Kwok Hung, Wilson ("**Mr. Leung**") and Ms. Tam Shuk Fan ("**Ms. Tam**"), before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 March 2016 and 2017 and 30 September 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

The Historical Financial Information has been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**") issued by the HKICPA are set out below. This Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Historical Financial Information has been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5 to the Historical Financial Information.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the Historical Financial Information:

HKAS 40 (Amendments)	Transfers of Investment Property[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[4]
HK(IFRIC) – Int 22	Foreign Currency Translations and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described below:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 September 2017, except for the expected credit loss model which may result in early provision of credit losses that are not yet incurred in relation to the Group's financial assets measured at amortised cost, the directors of the Company do not anticipate that the application of HKFRS 9 in the future will have a material impact on the Group's future financial position and performance.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Int when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Based on the assessment completed to date, the directors of the Company anticipate that the application of HKFRS 15 will not have a material impact on the Group's results of operations and financial position.

HKFRS 16 *Leases*

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC) – Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC) – Int 15 "Operating Lease – Incentives" and HK(SIC) – Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

As at 30 September 2017, the Group has non-cancellable operating lease commitments of approximately HK$453,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. As the operating lease is with lease term less than 12 months, the directors of the Company consider the application of HKFRS 16 will not have a material impact on the Group's results of operations and financial position.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material impact on the combined financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to the Track Record Period, unless otherwise stated.

Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combination not under common control

The Group applies the acquisition method to account for business combinations other than those which are under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Business combination under common control

The combined financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the previous date of reporting period or when they first came under common control, whichever is earlier.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains/losses on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

Segment reporting

Operating segments and the amounts of each segment item are reported in the combined financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of resource allocation to, and performance assessment of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Foreign currency translation

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(b) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the combined statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each Track Record Period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	Over the lease term
Furniture and fixtures	20%
Leasehold improvements	20%
Computers	30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each Track Record Period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial assets

(a) Classification

The Group classifies its financial assets under the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, amounts due from related companies, amount due from a shareholder and bank balances and cash in the combined statements of financial position.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(c) Impairment of financial assets

The Group assesses at the end of each Track Record Period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

(d) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

(a) Classification

The Group classifies its financial liabilities under the category of loans and borrowings. The classification depends on the substance of the contractual arrangements and the definitions of a financial liability. Management determines the classification of its financial liabilities at initial recognition.

Loans and borrowings are non-derivative financial liabilities. They are included in current liabilities, except for the amounts that are settled or expected to be settled more than twelve months after the end of the reporting period. These are classified as non-current liabilities. The Group's loans and borrowings comprise trade payables, other payables and accruals, amount due to a related company, amount due to a shareholder and borrowings in the combined statements of financial position.

(b) Subsequent measurement

Loans and borrowings

After recognition, borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligations under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net carrying amount reported in the combined statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks with original maturity of three months or less and bank overdrafts.

Share capital

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

Trade and other payables

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

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption values are recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the Track Record Period.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Current and deferred tax

The income tax expenses for the period comprise current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(a) Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Track Record Period in the countries/place where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

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

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

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Retirement benefit schemes

The Group operates a Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are required to make at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably.

Sales of goods are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title is passed.

Interest income is recognised as it accrues using the effective interest method.

Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Dividend distribution

Dividend distribution to the shareholder is recognised as a liability in the Group's combined financial statements in the period in which the dividend is approved by shareholders of the Company.

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing this Historical Financial Information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment of trade receivables

The Group's management determines the provision for impairment of trade receivables based on an assessment of the recoverability of trade receivables. This assessment is based on the credit history of its debtors and the current market condition, and requires the use of judgements and estimates. Provisions are applied where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and the provision for impairment losses in the period in which such estimate has been changed. Management reassess the provision at the end of each Track Record Period.

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

(c) Useful lives and residual values of property, plant and equipment

The Group's management determines the useful lives, residual values and related depreciation charges for its property, plant and equipment and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previous estimated useful lives and residual values, the amount of depreciation expenses may changes.

6. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of borrowings, amount due to a related company and amount due to a shareholder, net of bank balances and cash and equity attributable to owners of the Company comprising share capital and reserves as disclosed in the Historical Financial Information.

The management of the Group review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group			The Company
	As at 31 March		As at 30 September	as at 30 September
	2016	2017	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including bank balances and cash)	27,268	22,887	41,080	–
Financial liabilities				
Amortised cost	18,909	10,027	32,421	13,762

Financial risk management objectives and policies

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

Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong with majority of the transactions being settled in HK$, United States dollar ("**USD**") and Renminbi ("**RMB**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK$ against the USD as long as this currency is pegged.

The transactions and monetary assets denominated in RMB and Great Britain Pound ("**GBP**") are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB and GBP.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Fair value and cash flow interest rate risk

The Group's interest rate risk arises from bank borrowings and bank overdrafts. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings, bank overdrafts and cash and bank balances are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of cash and bank balance are not expected to change significantly.

If there would be a general increase/decrease in the market interest rates by 50 basis points, with all other variables held constant, the Group's combined pre-tax profit would have decreased/increased by approximately HK$21,000, HK$18,000 and HK$10,000 for the years ended 31 March 2016 and 2017 and the six months ended 30 September 2017 respectively. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of each Track Record Period and had applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated 50 basis points increase or decrease represents management's assessment of a reasonably possible change in market interest rates over the period until the next annual year end.

Credit risk

The credit risk of the Group mainly arises from trade receivables, amounts due from related companies, amount due from a shareholder and bank balances and cash.

Management considers the Group has limited credit risk with its bank which are leading and reputable and are assessed as having low credit risk. Bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period that adequate impairment losses are made for irrecoverable amounts. In the regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

Cash flow is managed at group level by the management. The Group manages liquidity risk by maintaining adequate cash and cash equivalents, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The following table shows the details of the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The Group

	Within 1 year or on demand	Within 2 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2016					
Trade payables	3,911	–	–	3,911	3,911
Other payables and accruals	2,028	–	–	2,028	2,028
Amount due to a related company	384	–	–	384	384
Amount due to a shareholder	2,450	–	–	2,450	2,450
Bank overdrafts	2,616	–	–	2,616	2,616
Bank borrowings – secured and guaranteed	5,834	1,856	–	7,690	7,520
	17,223	1,856	–	19,079	18,909

	Within 1 year or on demand	Within 2 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017					
Trade payables	2,280	–	–	2,280	2,280
Other payables and accruals	626	–	–	626	626
Bank overdrafts	5,319	–	–	5,319	5,319
Bank borrowings – secured and guaranteed	900	956	–	1,856	1,802
	9,125	956	–	10,081	10,027

	Within 1 year	Within 2 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2017					
Trade payables	10,729	–	–	10,729	10,729
Other payables and accruals	7,514	–	–	7,514	7,514
Bank overdrafts	8,037	–	–	8,037	8,037
Borrowings	5,464	735	–	6,199	6,141
	31,744	735	–	32,479	32,421

The Company

	Within 1 year or On demand	Within 2 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2017					
Amount due to a subsidiary	13,762	–	–	13,762	13,762

The following table summarises the maturity analysis of bank borrowings with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments		
	Within one year	More than one year but less than two years	More than two years but less than five years
	HK$'000	*HK$'000*	*HK$'000*
31 March 2016	5,718	870	932
31 March 2017	870	859	73
30 September 2017	5,420	721	–

Fair value estimation

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

8. SEGMENT INFORMATION

The Group is principally engaged in sales of apparel products with the provision of apparel SCM services to customers.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

Revenue from external customers is presented based on the geographical locations, where the products are shipped to, is detailed below:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
U.S.	69,011	73,502	40,589	35,560
France	8,165	20,909	16,541	16,162
Other European countries *(Note a)*	2,795	5,312	3,630	3,392
Australia	4,267	3,543	1,732	6,358
Canada	5,058	3,630	2,708	729
Japan	3,022	3,921	2,676	1,866
Other locations *(Note b)*	1,837	5,337	2,720	5,776
	94,155	116,154	70,596	69,843

Notes:

(a) Other European countries include Netherlands and United Kingdom.

(b) Other locations include Hong Kong, Tahiti, Israel, South Korea and Argentina.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Customer A	18,816	18,940	12,908	7,005
Customer B	13,758	28,155	19,986	26,044
Customer C	9,744	13,235	N/A[1]	N/A[1]

[1] Revenue from the customer is less than 10% of the total revenue from the Group.

9. REVENUE

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Sales of goods	94,155	116,154	70,596	69,843

10. OTHER INCOME

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Interest income	2	2	1	2
Trade claim	122	204	127	465
Insurance claim	23	289	–	–
Compensation income	175	180	150	–
Staff welfare sponsorship	36	55	7	–
Sundry income	84	171	98	55
	442	901	383	522

11. OTHER (LOSSES)/GAINS

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Net foreign exchange (loss)/gain	(38)	(30)	29	141
Reversal of impairment loss recognised in respect of trade receivables	–	–	–	109
Impairment loss recognised in respect of trade receivables *(note 21)*	(782)	(128)	–	–
	(820)	(158)	29	250

12. FINANCE COSTS

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Bank overdrafts interest	232	200	144	145
Loan interest	211	144	86	87
	443	344	230	232

13. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Auditors' remuneration – audit services	26	95	10	10
Depreciation of property, plant and equipment	195	194	95	98
Minimum lease payments under operating leases in respect of office premises	840	864	432	453
Commission expense	55	14	14	–
Cost of goods sold	68,893	84,545	51,596	52,503
Reversal of impairment loss recognised in respect of trade receivables	–	–	–	(109)
Impairment loss recognised in respect of trade receivables	782	128	–	–
Net foreign exchange loss/(gain)	38	30	(29)	(141)
Employee benefit expenses (excluding directors' remuneration *(note 14)*)				
– Salaries and wages	5,551	5,627	2,747	2,866
– Staff benefits	128	189	31	38
– Retirement benefit scheme contributions	259	255	127	132
	5,938	6,071	2,905	3,036

14. DIRECTORS' REMUNERATIONS

The remuneration of directors were set out below:

	Year ended 31 March 2016			
	Directors' fees	Salaries, allowances, and benefit in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Leung	400	–	18	418
Ms. Tam	400	–	18	418
	800	–	36	836

	Year ended 31 March 2017			
	Directors' fees	Salaries, allowances, and benefit in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Leung	803	–	3	806
Ms. Tam	402	–	2	404
	1,205	–	5	1,210

	Six months ended 30 September 2016 (Unaudited)			
	Directors' fees	Salaries, allowances, and benefit in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Leung	800	–	–	800
Ms. Tam	400	–	–	400
	1,200	–	–	1,200

	Six months ended 30 September 2017			
	Directors' fees	Salaries, allowances, and benefit in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Leung	420	–	9	429
Ms. Tam	210	–	9	219
	630	–	18	648

No directors have waived or agreed to waive any remuneration during the Track Record Period. No remuneration was paid to the independent non-executive directors during the Track Record Period as the independent non-executive directors have not been appointed during the Track Record Period.

During the Track Record Period, there were no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 15 below as an inducement to join or upon joining the Group or as compensation for loss of office.

15. FIVE HIGHEST PAID EMPLOYEES

Among the five individuals with the highest emoluments are 2, 2, 2 and 2 directors of the Company, whose emoluments are disclosed in note 14, for the years ended 31 March 2016 and 2017 and the six months ended 30 September 2016 and 2017 respectively. The aggregate of the emoluments in respect of the remaining individuals with the highest emoluments are as follows:

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries and other benefits	834	863	431	451
Retirement benefit scheme contributions	42	43	21	22
	876	906	452	473

The above individuals with the highest emoluments are within the following bands:

	Year ended 31 March		Six months ended 30 September	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Nil to HK$1,000,000	3	3	3	3

16. INCOME TAX

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Current tax – Hong Kong Profits Tax				
– Charge for the year/period	1,922	2,905	2,073	1,870
– Under-provision in prior year/period	–	75	–	–
	1,922	2,980	2,073	1,870
Deferred tax *(note 28)*				
– Charge for the year/period	9	10	–	–
– Effect of revision of commercial building allowance by the Inland Revenue Department	–	27	–	–
	9	37	–	–
	1,931	3,017	2,073	1,870

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

The income tax expenses for the Track Record Period can be reconciled to the profit before tax per the combined statements of profit or loss as follows:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Profit before tax	11,838	17,535	12,562	720
Tax at the Hong Kong Profits Tax rate of 16.5%	1,953	2,893	2,073	119
Tax effect of expenses not deductible for tax purpose	18	62	–	1,751
Tax reduction	(40)	(40)	–	–
Under-provision in prior year	–	102	–	–
Income tax expense	1,931	3,017	2,073	1,870

17. DIVIDENDS

No dividend has been paid or proposed by the Company since its date of incorporation. Prior to the Reorganisation, the Company's subsidiaries had declared and paid dividends to the shareholders during the Track Record Period as follows:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Dividends paid	–	11,000	–	–

The rates of dividends and number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

18. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the Track Record Period on a combined basis as set out in note 2 of this section.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and fixtures	Computers	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
As at 1 April 2015	8,326	333	121	367	9,147
Addition	–	–	–	–	–
As at 31 March 2016 and 1 April 2016	8,326	333	121	367	9,147
Additions	–	32	19	–	51
As at 31 March 2017 and 1 April 2017	8,326	365	140	367	9,198
Additions	–	5	29	–	34
As at 30 September 2017	8,326	370	169	367	9,232
Accumulated depreciation					
As at 1 April 2015	833	299	93	367	1,592
Charge for the year	167	16	12	–	195
As at 31 March 2016 and 1 April 2016	1,000	315	105	367	1,787
Charge for the year	166	14	14	–	194
As at 31 March 2017 and 1 April 2017	1,166	329	119	367	1,981
Charge for the period	83	6	9	–	98
As at 30 September 2017	1,249	335	128	367	2,079
Carrying amounts					
As at 30 September 2017	7,077	35	41	–	7,153
As at 31 March 2017	7,160	36	21	–	7,217
As at 31 March 2016	7,326	18	16	–	7,360

As at 31 March 2016 and 2017 and 30 September 2017, buildings with net carrying amount of approximately HK$7,326,000, HK$7,160,000 and HK$7,077,000 were pledged to secure general banking facilities granted to the Group respectively *(note 27)*.

20. INVENTORIES

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Goods-in-transit	716	2,126	911

21. TRADE RECEIVABLES

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	10,474	11,443	24,395
Less: allowance for doubtful debts	(4,564)	(4,692)	(4,583)
	5,910	6,751	19,812

The following is an aged analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	2,303	1,072	6,622
31-60 days	1,313	1,286	10,842
61-90 days	869	3,641	1,333
Over 90 days	1,425	752	1,015
	5,910	6,751	19,812

The Group allows an average credit period ranged from 30 days to 60 days to its customers.

The movement in the allowance for doubtful debts during the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the Track Record Period	3,782	4,564	4,692
Reversal of impairment loss recognised	–	–	(109)
Impairment loss recognised *(note 11)*	782	128	–
At the end of the Track Record Period	4,564	4,692	4,583

Included in the allowance for doubtful debts are individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in default in principal payments and are considered irrecoverable.

The following is an ageing analysis of trade receivables which were past due but not impaired at the end of the Track Record Period:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Over due by:			
1 – 30 days	1,087	792	8,927
31 – 60 days	869	3,641	1,223
Over 60 days	1,425	752	1,125
	3,381	5,185	11,275

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record of credit with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

	The Group			The Company
	As at 31 March		As at 30 September	as at 30 September
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade deposits	5,962	3,485	4,270	–
Other deposits	32	32	32	–
Other receivable	–	–	1	–
Prepayment	–	–	36	–
Deferred listing expense	–	75	3,145	3,145
	5,994	3,592	7,484	3,145

23. BALANCES WITH RELATED COMPANIES AND A SHAREHOLDER

	As at 31 March 2016	As at 31 March 2017	As at 30 September 2017
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from related companies			
Majestic City Limited ("**Majestic City**") *(Note a)*	4,860	–	16
Country Fame Technology Limited *(Note a)*	1,844	–	–
Joint Linker Investment Limited ("**Joint Linker**") *(Note a)*	44	–	–
Majestic City Enterprises Holdings Limited *(Note b)*	330	–	–
Perfect Regal Limited ("**Perfect Regal**") *(Note a)*	3,970	–	–
江門市萬斯服裝有限公司 (Jiangmen Majestic Apparel Limited*) ("**Jiangmen Majestic**") *(Note c)*	–	468	–
	11,048	468	16
Amount due from a shareholder			
Mr. Leung	–	4,949	9,078
Amount due to a related company			
Turbo Profit Investment Limited ("**Turbo Profit**") *(Note a)*	384	–	–
Amount due to a shareholder			
Mr. Leung	2,450	–	–

The maximum amounts due from related companies and shareholder during the Track Record Period are as follows:

	As at 31 March 2016	As at 31 March 2017	As at 30 September 2017
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from related companies			
Majestic City	4,860	4,911	28
Country Fame Technology Limited	1,844	1,844	–
Joint Linker	44	44	–
Majestic City Enterprises Holdings Limited	330	330	–
Perfect Regal	3,970	4,970	1,000
Jiangmen Majestic	–	468	468
Amount due from a shareholder			
Mr. Leung	–	6,414	13,181

Balances with related companies and shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

* *For identification purpose only*

None of the amounts due from related companies is neither past due nor impaired. The financial asset included in the above balance related to receivable for which there was no recent history of default.

Notes:

(a) The related company is controlled by Mr. Leung and Ms. Tam, who are the controlling shareholders and executive directors of the Company.

(b) The related company is controlled by Ms. Tam, who is the controlling shareholder and executive director of the Company.

(c) Jiangmen Majestic was controlled by Ms. Tam, who is the controlling shareholder and executive director of the Company. On 21 August 2017, Ms. Tam resigned as a director of Jiangmen Majestic and disposed of all the controlling interest to an independent third party. After the disposal aforementioned, Ms. Tam no longer has any direct or indirect shareholding interest in Jiangmen Majestic. Hence, Jiangmen Majestic is no longer related to the Group.

24. BANK BALANCES AND CASH

	As at 31 March		**As at 30 September**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollar	430	716	2,104
United States dollar	8,973	9,554	9,677
Renminbi	523	449	392
Great Britain Pound	384	–	–
	10,310	10,719	12,173

Bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

Included in the bank balances and cash were amounts in RMB equivalent to approximately HK$523,000, HK$449,000 and HK$392,000 as at 31 March 2016 and 2017 and 30 September 2017 respectively, which are subject to relevant rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China.

Cash and cash equivalents and bank overdrafts include the following for the purposes of the combined statements of cash flows:

	As at 31 March		**As at 30 September**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents (excluding bank overdrafts) in the combined statement of financial position	10,310	10,719	12,173
Less: bank overdrafts *(note 27)*	(2,616)	(5,319)	(8,037)
	7,694	5,400	4,136

25. TRADE PAYABLES

The following is ageing analysis of trade payables, based on the invoice dates:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	1,598	1,468	2,797
31-60 days	88	82	6,855
61-90 days	80	213	–
Over 90 days	2,145	517	1,077
	3,911	2,280	10,729

The trade payables are non-interest-bearing and are generally settled on 30-day terms.

26. OTHER PAYABLES AND ACCRUALS

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Other payables	867	–	–
Accruals	1,161	626	7,514
	2,028	626	7,514

Included in accruals are accrued listing expenses of approximately nil, nil and HK$6,785,000 as at 31 March 2016 and 2017 and 30 September 2017, respectively.

27. BORROWINGS

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings – secured and guaranteed	7,520	1,802	6,141
Bank overdrafts *(note 24)*	2,616	5,319	8,037
	10,136	7,121	14,178

The carrying amounts of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):

	As at 31 March		As at 30 September
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Within one year or on demand	5,718	870	5,420
Within a period of more than one year but not exceeding two years	870	859	721
Within a period of more than two year but not exceeding five years	932	73	–
	7,520	1,802	6,141
Less: Amounts classified as current liabilities - secured and guaranteed borrowings due within one year or contain a repayment on demand clause	(7,520)	(1,802)	(6,141)
Amounts classified as non-current liabilities	–	–	–

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

As at 31 March 2016 and 2017, the bank borrowings facilities and bank overdrafts granted to the Group are secured and guaranteed by the followings:

(a) Unlimited personal guarantees executed by Mr. Leung and Ms. Tam;

(b) The Group's buildings amounting to HK$7,326,000 and HK$7,160,000 respectively *(note 19)*;

(c) Pledged properties of related companies, Turbo Profit, Joint Linker and Perfect Regal, located in Hong Kong; and

(d) Unlimited corporate guarantee executed by a related company, Majestic City.

As at 30 September 2017, the bank borrowings facilities and bank overdrafts granted to the Group are secured and guaranteed by the followings:

(a) Unlimited personal guarantees executed by Mr. Leung and Ms. Tam;

(b) The Group's buildings amounting to HK$7,077,000 *(note 19)*; and

(c) Pledged properties of related companies, Turbo Profit, Joint Linker and Perfect Regal, located in Hong Kong.

The entire balances of bank borrowings and bank overdrafts are secured, guaranteed and carried variable rate of interest. The floating-rate bank borrowings carry interests at premiums over or discounts to Hong Kong Interbank Offered Rate or Prime Rates quoted by a bank in Hong Kong. The effective interest rate on bank borrowings and bank overdrafts is ranging from 2.02% to 6.00% per annum, 2.21% to 6.00% per annum and 2.17% to 6.00% per annum as at 31 March 2016 and 2017 and 30 September 2017 respectively.

As at 31 March 2016 and 2017 and 30 September 2017, total undrawn bank facilities amounted to approximately HK$9,384,000, HK$10,681,000 and HK$21,963,000 respectively.

The Group's borrowings are denominated in HK$ at the end of the Track Record Period.

28. DEFERRED TAX

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax liabilities	(6)	(43)	(43)

	(Decelerated)/ accelerated tax depreciation	Total
	HK$'000	*HK$'000*
As at 1 April 2015	(3)	(3)
Charge to profit or loss	9	9
As at 31 March 2016 and 1 April 2016	6	6
Charge to profit or loss	37	37
As at 31 March 2017, 1 April 2017 and 30 September 2017	43	43

As at 31 March 2016 and 2017 and 30 September 2017, the Group has no unused tax losses available for offset against future profits.

29. SHARE CAPITAL

The Reorganisation has not been completed as at 30 September 2017. For the purpose of the Historical Financial Information, the share capital in the combined statement of financial position as at 31 March 2016 and 2017 and 30 September 2017 represents the combined share capital of the Company and the subsidiaries now comprising the Group.

30. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions during the Track Record Period:

(a) Remuneration for key management personnel during the Track Record Period were disclosed in notes 14 and 15 to the Historical Financial Information.

(b) Details of the balances with related parties at the end of the Track Record Period are set out in note 23.

(c) Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following material transactions with related parties:

	Year ended 31 March		Six months ended 30 September	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Purchase of inventories from Turbo Profit	1,077	–	–	–
Purchase of inventories from Jiangmen Majestic	–	5,175	–	7,693
Rental expense to Turbo Profit	384	396	198	207
Rental expense to Joint Linker	456	468	234	246

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that those related party transactions were conducted in the normal ordinary course of business of the Group.

31. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure bank borrowings *(note 27)* of the Group.

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Buildings *(note 19)*	7,326	7,160	7,077

32. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases certain office premises under operating lease arrangements. Leases for these properties are negotiated for one year terms. At the end of each Track Record Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
Within one year	–	–	453

33. FINANCIAL INFORMATION OF THE COMPANY

(a) Investment in a subsidiary

	As at 30 September 2017
	HK'000
Unlisted shares, at cost	1

Investment in a subsidiary represents the investment cost in Century Momentum Group Limited.

(b) Amount due to a subsidiary

	As at 30 September 2017
	HK'000
Century Momentum Group Limited	13,762

The amount is unsecured, interest-free and repayable on demand.

(c) Share Capital

	Number of Ordinary shares	Equivalent nominal value of ordinary Shares
		HK'000
Authorised:		
38,000,000 shares of HK$0.01 each	38,000,000	380
		HK$
Issued:		
Issued and paid on 20 June 2017 (date of incorporation) and balance as at 30 September 2017	1	0.01

(d) Reserves

	Accumulated losses
	HK'000
At 20 June 2017 (date of incorporation)	–
Loss and total comprehensive loss for the period	(10,616)
At 30 September 2017	(10,616)

34. SUBSEQUENT EVENTS

Save as disclosed in the report, the following significant events took place subsequent to 30 September 2017:

(i) On 20 March 2018, the Reorganisation as detailed in the section headed "History, Reorganisation and Corporate Structure" in this Prospectus was duly completed.

(ii) By a shareholder's resolution dated 20 March 2018, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by creation of an additional 9,962,000,000 shares of HK$0.10 each.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 September 2017.

The information set forth in this appendix does not form part of the Accountants' Report prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus and is set out herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" to this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted combined net tangible assets of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the proposed Share Offer on the audited combined net tangible assets of the Group attributable to owners of the Company as of 30 September 2017, as if the Share Offer had taken place on 30 September 2017.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Share Offer been completed as at 30 September 2017 or at any future dates. It is prepared based on the audited combined net tangible assets of the Group attributable to owners of the Company as at 30 September 2017 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group as at 30 September 2017	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted combined net tangible assets of the Group**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK cents*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*
Based on Share Offer Price of HK$0.50 per Share Offer Share	16,754	36,035	52,789	13.20
Based on Share Offer Price of HK$0.60 per Share Offer Share	16,754	43,634	60,388	15.10

Notes:

(1) The audited combined net tangible assets of the Group as at 30 September 2017 is based on the net assets of the Group attributable to owners of the Company as extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the issue of the Offer Shares pursuant to the Share Offer are based on 100,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$0.5 and HK$0.6 per Offer Share, respectively, after deduction of the underwriting commissions and fees and other related fees expenses payable by the Group in connection with the Share Offer, other than those expenses which had been recognised in profit or loss for the periods up to 30 September 2017.

(3) The unaudited pro forma adjusted combined net tangible assets of the Group does not take into account the effect of any trading result and other transactions of the Group entered into subsequent to 30 September 2017.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer and does not take into account of any shares which may be allotted, issued or repurchase by the Company pursuant to the general mandates for the allotment and issue or repurchase of shares.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

29 March 2018

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of i.century Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of i.century Holding Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 30 September 2017 and the related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of Appendix II to the prospectus dated 29 March 2018 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed public offer and placing of the shares of the Company (the "**Share Offer**") on the Group's financial position as at 30 September 2017 as if the proposed Share Offer had taken place on the same date. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial statements included in the accountants' report set out in Appendix I to the Prospectus.

Directors' Responsibility for the Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this prospectus received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation of the property interests of the Group.

ASCENT PARTNERS
Together We Flourish

Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
www.ascent-partners.com
Tel: (852) 3679 3890
Fax: (852) 3579 0884

Date: 29 March 2018

i.century Holding Limited
Unit 212-215, 2/F
Elite Industrial Centre
883 Cheung Sha Wan Road
Kowloon

Dear Sir/Madam,

INSTRUCTIONS

In accordance with the instructions for us to value the property in which i.century Holding Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in Hong Kong, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 January 2018 (referred to as the "**Valuation Date**") for the purpose of incorporation in the prospectus of the Company dated 29 March 2018.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value as defined by International Valuation Standards Council and adopted by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have valued the property interest which is held for self-use by the Group in Hong Kong on market basis and the direct comparison method is adopted where comparisons based on actual sale prices of comparable properties are made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

TITLE INVESTIGATION

We have carried out land searches at the Land Registry for the property located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the property. However, we have not verified ownership of the property of to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the value of the property interests.

Unless stated as otherwise, we have assumed that the property have been constructed, occupied and used in full compliance with, and without contravention of all laws. We have further assumed that, for any use of the property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

We have assumed that the owners of the property have free and uninterrupted rights to use and dispose of the property for the whole of the unexpired term of Land Grant.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

SOURCE OF INFORMATION

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on GEM issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors which incorporates the International Valuation Standards published by the International Valuation Standards Council.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuation certificate is herewith attached.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited
Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests held for self-use in Hong Kong

Property	**Description and Tenure**	**Particular of Occupancy**	**Market value in existing state as at 31 January 2018**
Factory Nos. 12-13 on 2/F, Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon 32/3414th equal and undivided shares of and in New Kowloon Inland Lot No. 5944	The property comprises two adjoining factory units on 2th Floor of a 15-storey industrial building (including a basement and roof floor) completed in 1986. The total saleable area of the property is approximately 2,970 sq.ft. New Kowloon Inland Lot No. 5944 is held under Conditions of Sale No. UB11707 for a term of 99 years commencing from 1 July 1898. The Government rent payable for the lot is at 3% of the rateable value per annum.	The property is occupied by the Group for product development, showroom and ancillary office uses.	HK$21,600,000 (Hong Kong Dollars Twenty One Million Six Hundred Thousand)

Notes:

(1) The registered owner of the property is Majestic City International Limited vide Memorial No. 10063002750156 dated 31 May 2010.

(2) The property is subject to encumbrances as follows:

 (i) An Occupation Permit No. NK26/86 vide Memorial No. UB3054344 dated 9 May 1986;

 (ii) A Deed of Mutual Covenant vide Memorial No. UB3070579 dated 28 May 1986; and

 (iii) A Mortgage in favor of Bank of China (Hong Kong) Limited vide Memorial No. 10063002750164 dated 31 May 2010.

(3) The property lies within an area zoned as “Other Specified Uses” under the approved Cheung Sha Wan Outline Zoning Plan No. S/K5/37 exhibited on 16 December 2016.

(4) The inspection was performed by Ms. Isabella Qiu (MSc in Construction and Real Estate) on 31 July 2017.

(5) As at the Valuation Date, the Group confirmed the following:

(i) No options or rights of pre-emption concerning or affecting the property;

(ii) No environmental issues such as breach of environmental regulations;

(iii) No notices, pending litigation, breach of law or title defects affecting the property;

(iv) No plans for renovation or improvement of the property; and

(v) No plans to dispose of or change the use of the property.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 June, 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 20 March 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 30 August 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 June 2017 and its registered office is located at Cricket Square, Hutchins Drive. Po Box 2681, Grand Caymen KY1-1111, Cayman Islands. Our Company has established its principal place of business in Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 August 2017. Ms. Tam Shuk Fan and Mr. Kwok Chi Yin have been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of the Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and our constitutional documents comprising the Memorandum and Articles. A summary of certain parts of our constitutional documents and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of incorporation was HK$380,000 divided into 38,000,000 shares of par value of HK$0.01 each. The authorised share capital of our Company was increased to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each.

(a) On 20 June 2017, one share of a par value of HK$0.01 was allotted and issued nil paid to the initial subscriber, an Independent Third Party, which was transferred to Giant Treasure for nil consideration on the same date. On 26 August 2017, 999 shares were allotted and issued as fully paid to Giant Treasure at par.

(b) the Company entered into a share swap agreement with Mr. Leung and Ms. Tam whereby:–

  (i). the Company acquired from Ms. Tam one ordinary share in Majestic City International, representing 50.0% of the issued share capital of Majestic City International;

  (ii). the Company acquired from Mr. Leung one ordinary share in Majestic City International, representing 50.0% of the issued share capital of Majestic City International;

  (iii). the Company acquired from Ms. Tam one ordinary share in Success Great, representing 50.0% of the issued share capital of Success Great;

  (iv). the Company acquired from Mr. Leung one ordinary share in Success Great, representing 50.0% of the issued share capital of Success Great;

  (v). the Company nominated Century Momentum as the transferee for two shares in Majestic City International each from Mr. Leung and Ms. Tam and two shares in Success Great each from Mr. Leung and Ms. Tam;

(vi). In exchange for the two shares in each of Majestic City International and Success Great, the Company, under the direction of Mr. Leung and Ms. Tam, credited the one nil paid Share of the Company held by Giant Treasure as fully paid;

(c) After the aforesaid transactions under the share swap agreement each of the Majestic City International and Success Great became indirect wholly-owned subsidiaries of the Company.

(d) The Share Offer will comprise the Placing and the Public Offer, and a total of 120,000,000 Shares. The Placing comprises 88,000,000 New Shares to be issued by the Company for subscription and 20,000,000 Sale Shares to be offered by the Selling Shareholder for sale together representing approximately 27.0% of the enlarged issued share capital of the Company. Under the Public Offer, 12,000,000 Shares, representing 3.0% of the enlarged issued share capital of the Company will be issued for subscription by members of the public in Hong Kong.

(e) Assuming the Placing and the Public Offer have become unconditional, as well as the issuance of Shares has been made pursuant thereto, a sum of HK$2,999,990 standing to the credit of the share premium account will be applied in paying up in full 299,999,000 Shares for allotment and issue to Giant Treasure on or before Listing (the "**Capitalisation Issue**").

(f) Immediately following the completion of the Share Offer and the Capitalisation Issue, the authorised share capital of our Company will be HK$100,000,000 divided into 10,000,000,000 Shares and the issued share capital of our Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid.

Save as disclosed in this prospectus, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at a general meeting of our Company, no issue of Shares will be made which would effectively alter the control of our Company.

3. Changes in share capital of our subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report set out in Appendix I to this prospectus.

Other than the alterations described in the paragraph headed "Reorganisation" under the section headed "History, reorganisation and corporate structure" in this prospectus, there have been no changes in the share capital of our Company's subsidiaries within the two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders:

Pursuant to the written resolutions of the then sole Shareholder of our Company passed on 20 March 2018, the following resolutions were passed by the sole Shareholder, pursuant to which, among other things:

(a) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by creation of an additional 9,962,000,000 shares of HK$0.01 each;

(b) our Company approved the adoption of the Memorandum and the conditional adoption of the Articles of Association which will become effective on the Listing Date;

(c) conditional on the Stock Exchange granting Listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus, and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional, if relevant, as a result of the waiver of any condition(s) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus (or if such date is not a business day, the immediate preceding business day):

(i) the Share Offer was approved and our Directors were authorised to allot and issue the new Shares pursuant to the Share Offer to rank pari passu with the existing Shares in all respects;

(ii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK$2,999,990 standing to the credit of the share premium account of our Company and to apply such amount as to capital to pay up in full at par 299,999,000 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on the date of these resolutions (or as they may direct) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions and do such things and sign on such documents in relation thereto, and the Capitalisation Issue was approved;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any share option scheme of our Company or any Share allotted and issued in lieu of the whole or part of a dividend on the Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with a number not exceeding 20.0% of the total number of Shares of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, and such mandate to remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;

(e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10.0% of the total number of Shares of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, and such mandate to remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and

(f) the general unconditional mandate mentioned in sub-paragraph (c) above was extended by the addition to the number of Shares of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the number of Shares of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10.0% of the total number of Shares of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue.

5. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For information relating to the Reorganisation, please refer to the paragraph headed "Reorganisation" under the section headed "History, reorganisation and corporate structure" of this prospectus.

6. Securities repurchase mandate

A general unconditional mandate was granted to our Directors by our Shareholders pursuant to a written resolution passed on 20 March 2018 authorising them to exercise all powers of our Company to purchase Shares with a number not exceeding 10.0% of the total number of Shares of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next general meeting of our Company was required by the Articles or the Companies Law or any applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, renewing or revoking such mandate, whichever is the earliest (the "**Repurchase Mandate**").

There are certain restrictions under the GEM Listing Rules on the repurchase by our Company of its own securities, as follows;

(a) Shareholders' approval

All repurchases of securities must be approved in advance by an ordinary resolution of our Company whether by way of general mandate or by specific approval of particular transactions.

(b) Source of funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase our own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles, the GEM Listing Rules, the Companies Law and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) Shares to be repurchased

On the basis of 400,000,000 Shares in issue immediately after the Listing of the Shares on the Stock Exchange, our Directors would be authorised under the Repurchase Mandate to repurchase up to 40,000,000 Shares during the period in which the Repurchase Mandate remains in force.

Under the GEM Listing Rules, shares proposed to be repurchased by a company must be fully paid-up. Under Cayman Islands law, any shares repurchased may be treated as cancelled on repurchase or held as treasury shares.

(f) General

A company may not issue or announce an issue of new securities for a period of 30 days immediately following a repurchase of securities whether on GEM or otherwise, other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase, without the prior approval of the Stock Exchange. In addition, a company shall not purchase its shares on GEM if the purchase price is higher by 5.0% or more than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a company from repurchasing its securities on GEM if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage of that company as required by the Stock Exchange.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates has any present intention, in the event that the Repurchase Mandate is exercised, to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Companies Law and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of securities, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Our Directors are not presently aware of any circumstances which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately after the Listing.

The GEM Listing Rules prohibit our Company from knowingly repurchasing securities of our Company from a "core connected person", that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules). A core connected person shall not knowingly sell his shares to our Company on the Stock Exchange.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

The GEM Listing Rules further prohibit a company from purchasing its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

A company shall procure that any broker appointed by it to effect the repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchases made on behalf of the company as the Stock Exchange may request.

FURTHER INFORMATION ABOUT BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the share swap agreement dated 20 March 2018 entered into among Mr. Leung, Ms. Tam and our Company;

(b) the Deed of Non-competition;

(c) the Deed of Indemnity; and

(d) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

As at the Latest Practicable Date, our Group had not registered any intellectual property rights, except for the following members of our Group, which had registered the following domain names:

Registrant	Domain Name	Registration Date	Expiry Date
Majestic City International	majestic-city.com *(Note)*	10 March 2005	10 March 2019
i.century Holding Limited	icenturyholding.com *(Note)*	11 August 2017	11 August 2018

Note: information obtained in these websites does not form part of this prospectus.

FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Disclosure of interests of our Directors and chief executives of our Company

Save as disclosed in this prospectus, none of our Directors or their close associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(a) Particulars of service contracts

Each of Mr. Leung and Ms. Tam, being all the executive Directors, has entered into a service agreement with our Company on 26 September 2017 for an initial term of three years commencing from the Listing Date and continuing thereafter until terminated by either party by giving not less than six months' notice in writing to the other. Each of these executive Directors is entitled to their respective director's fee. In addition, each of the executive Directors is also entitled to a discretionary bonus determined by the Board.

The basic annual remuneration (subject to annual review and excluding any discretionary bonus) payable to each executive Director will be as follows:

Name	Annual Remuneration *(HK$`000)*
Mr. Leung Kwok Hung Wilson	840
Ms. Tam Shuk Fan	420

Each of Mr. Lau Yau Chuen Louis, Ms. Lee Yin Mei and Ms. Cheung Wai Man, the independent non-executive Directors, has entered into a service agreement with our Company on 20 March 2018. Each service agreement is for a term of three years commencing from the Listing Date, provided that either our Company or our independent non-executive Directors may terminate such appointment at any time by giving at least one month's notice in writing to the other. Subject to each of the terms and conditions of letters of appointment to be entered into by and between our Company and our independent non-executive Directors, the basic annual remuneration payable to each of our independent non-executive Directors will be as follows:

Name	Annual Remuneration *(HK$`000)*
Mr. Lau Yau Chuen Louis	100
Ms. Lee Yin Mei	100
Ms. Cheung Wai Man	100

Each of our executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his or her duties to our Group under the service agreement.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(b) Directors' remuneration

During each of the two years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, the aggregate remuneration paid and benefits in kind granted by our Group to our Directors were approximately HK$0.8 million, HK$1.2 million and HK$0.6 million respectively. Under the arrangement presently in force, the aggregate amount of directors' remunerations (including any Directors fees, salaries, discretion bonus, and contribution to retirement benefit schemes) for the year ending 31 March 2018 is estimated to be approximately HK$1.3 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two financial years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017 respectively for (a) the loss of office as director of any member of our Group or of any other office in connection with the management affairs of any member of our Group (b) as an inducement to join or upon joining any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the two financial years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017 respectively.

(c) Interests of Directors and chief executive in our share capital

Interests and short positions of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and its associated corporations immediately following completion of the Share Offer and the Capitalisation Issue, the interests and short positions of our

Directors and the chief executive in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, once our Shares are listed, will be as follows:

Long position in our Shares:

Name of Director	Capacity/nature of interest	Number of Shares	Percent of shareholding
Mr. Leung	Interest in a controlled corporation *(Note 1)*	280,000,000	70.0%
Ms. Tam	Interest in a controlled corporation *(Note 2)*	280,000,000	70.0%

Note:

1. Mr. Leung is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Mr. Leung is deemed to be interested in the Shares in which Giant Treasure is interested. Mr. Leung is our Controlling Shareholder and an executive Director of our Company.

2. Ms. Tam is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Ms. Tam is deemed to be interested in the Shares in which Giant Treasure is interested. Ms. Tam is our Controlling Shareholder and an executive Director of our Company.

(d) Agency fees or commissions received

Information on the agency fees or commissions received by the Underwriters is set out in the paragraph headed "Total commission, fee and expenses" under the section headed "Underwriting" in this prospectus.

Save as disclosed herein and in the section headed "Directors, Senior Management and Employees" and the Accountants' Report set out in Appendix I to this prospectus, none of the Directors, or the experts named in the paragraph headed "Qualifications of experts" in this appendix had received any agency fee, commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

(e) Related party transactions

During the two years ended 31 March 2016 and 31 March 2017 and the six months ended 30 September 2017, our Group was engaged in related party transactions as described in:

(i) note 23 and note 30 to the Accountants' Report set out in Appendix I to this prospectus;

(ii) the section headed "Connected Transactions" in this prospectus;

(iii) the paragraph headed "Related party transactions" under the section headed "Financial Information" in this Prospectus.

(f) Disclaimers

Save as disclosed in this prospectus:

(i) taking no account of any Shares which may be taken up or acquired under the Share Offer, our Directors are not aware of any person who immediately following the completion of the Share Offer and the Capitalisation Issue will have an interest or short position in the Shares and underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(ii) none of our Directors and chief executive has for the purpose of Part XV (including without limitation to Divisions 7 and 8 thereof) of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Part XV (including without limitation to Divisions 7 and 8 thereof) of the SFO, any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;

(iii) none of our Directors or the experts named in the paragraph headed "Qualifications of experts" in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(iv) no Director or the experts named in the paragraph headed "Qualification of expert" in this appendix was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of our Group taken as a whole; and

(v) none of the experts named in the paragraph headed "Qualifications of experts" in this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

2. Interest discloseable under the SFO and substantial shareholders

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue, the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or the underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Long position in our Shares:

Name of Shareholder	**Capacity/Nature of interest**	**Number of Shares (long position)**	**Approximate percentage of interest in our Company**
Giant Treasure	Registered owner	280,000,000	70.0%
Mr. Leung *(Note 1)*	Interest in a controlled corporation	280,000,000	70.0%
Ms. Tam *(Note 2)*	Interest in a controlled corporation	280,000,000	70.0%

Notes:

1. Mr. Leung is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Mr. Leung is deemed to be interested in the Shares in which Giant Treasure is interested.

2. Ms. Tam is interested in 50 shares in Giant Treasure, representing approximately 50.0% of the entire issued share capital of Giant Treasure. By virtue of the SFO, Ms. Tam is deemed to be interested in the Shares in which Giant Treasure is interested.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10.0% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

OTHER INFORMATION

1. Estate duty, tax and other indemnities

Estate Duty

Pursuant to The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006 in Hong Kong, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands or the BVI or Hong Kong in which the companies comprising our Group are incorporated. There are currently no taxes in the form of estate duties under Cayman Islands law, and no estate tax is currently payable by persons who are not resident in the BVI with respect of any shares, debt obligations or other securities of a BVI company.

Stamp Duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. A total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

Deed of Indemnity

Each of our Controlling Shareholders as indemnifier (each an "Indemnifier", and collectively the "Indemnifiers") have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries) to provide the following indemnities:

Under the Deed of Indemnity, the Indemnifiers shall jointly and severally indemnify and keep indemnified each of our Company and our subsidiaries against, among other things, (i) any depletion in or diminution in value of its assets as a direct or indirect consequence of, and in respect of any amount which any of our Company and our subsidiaries may hereafter become liable to pay, resulting from any taxation under sections 35, 42 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong); or (ii) taxation falling on any of our Company and our subsidiaries resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) prior to the Deed of Indemnity becomes unconditional or any event occurring or deemed to occur on or before such date whether alone or in conjunction with any other event whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company including any and all taxation resulting from the receipt by our Company and our subsidiaries of any amount paid by the Indemnifiers under the Deed of Indemnity; or (iii) all the property claims (as defined therein) suffered or incurred by any of our Company or our subsidiaries including but not limited to all losses or damages suffered or incurred by any of our Company or our subsidiaries arising from, or in connection with, the affected properties (as defined therein); (iv) any actions, claims, losses, damages, costs, charges or expenses which may be made, suffered or incurred by any of our Company or our subsidiaries in respect of or arising directly or indirectly from any taxation or taxation claim or property loss or property claim or litigation liabilities, non-compliance liabilities (as defined therein) or any other claims which are the subject of the indemnities therein; (v) all the costs (including legal costs, which shall be indemnified at the time incurred), expenses, losses and/or other liabilities (including all deductible amount under any insurance policy) incurred by our Company and our subsidiaries in relation with those outstanding or unsettled legal and arbitration proceedings, investigations and/or claims, the cause of action of or the event or incident leading to, which occurs prior to the Deed of Indemnity becoming unconditional; and (vi) all claims, proceedings, judgments, losses, liabilities, fines, penalties, payments, damages and any associated costs suffered by or incurred by any of our Company or our subsidiaries as a result of, directly or indirectly in connection with non-compliance liabilities (as defined therein) prior to the Deed of Indemnity becoming unconditional.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation where, among others, (i) provision has been made for such taxation in the audited accounts of our Company and our subsidiaries for the two years ended 31 March 2016 and 2017 and the six months ended 30 September 2017; (ii) the taxation falling on our Company and our subsidiaries in respect of any accounting period commencing on or after 1 October 2017 unless liability for such taxation would not have arisen but for some event entered into by the Indemnifiers, our Company, our subsidiaries or any of them otherwise than in the course of normal day to day trading operations on or before the Listing Date; and (iii) the taxation arises or is incurred as a consequence of any change in law or the interpretation thereof or practice by the relevant tax authority having retrospective effect coming into force after the Deed of Indemnity becomes unconditional or to the extent that the taxation arises or is increased by an increase in rates of taxation after the Deed of Indemnity becomes unconditional with retrospective effect.

2. Litigation

Save as disclosed in the paragraph headed "Litigations and claims" in the section headed "Business" of this prospectus, as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group, that would have a material adverse effect on our business, results of operations or financial condition.

3. Sole Sponsor

Messis Capital Limited has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and the Shares to be issued as described in this prospectus.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor's fee in relation to the Listing is approximately HK$4.7 million, which relates solely to services provided by the Sole Sponsor in the capacity of a sponsor.

4. Promoter

Our Company has no promoter for the purposes of the GEM Listing Rules.

5. Preliminary expenses

The preliminary expenses payable by our Company are estimated to be about US$7,300.

6. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Messis Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

7. Registration procedures

The register of members of our Company will be maintained in Cayman Islands by Conyers Trust Company (Cayman) Limited and a Hong Kong branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's Hong Kong branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

8. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

9. Qualifications of experts

The following are the respective qualifications of the experts who have given opinion or advice which are included in this prospectus:

Name	Qualification
Messis Capital Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Conyers Dill & Pearman	Legal advisers as to the Cayman Islands laws
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Ascent Partners Valuation Service Limited	Property Valuer
Patrick Mak & Tse	Legal advisers as to Hong Kong laws
Frost & Sullivan Limited	Industry Consultant

10. Consents of experts

Each of the experts named in the paragraphs headed "Qualifications of experts" under this section of this Appendix V has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or certificates and/or opinions and/or references to its name (as the case may be) included in the form and context in which they are, respectively included.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and Rule 14.25 of the GEM Listing Rules. In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

13. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(iii) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(v) no interruptions in the business of our Group which had a material adverse effect on the financial position of our Group; and

(vi) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares or debenture in our Company.

(b) None of the persons whose names are listed in the paragraph headed "Qualifications of experts" under this section of this Appendix V:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group.

(c) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(d) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group within 12 months preceding the date of this prospectus.

(e) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

(f) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(g) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities as at the Latest Practicable Date.

14. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out as follows:

Name:	Giant Treasure
Registered office:	3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110
Description:	A company incorporated in the BVI on 18 November 2016 with limited liability
Number of Sale Shares to be sold:	20,000,000
Interest of our Directors in the Sale Shares:	Giant Treasure is wholly owned by Mr. Leung and Ms. Tam. Both Mr. Leung and Ms. Tam are our executive Directors and our Controlling Shareholders

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the Application Forms; (ii) the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus; (iii) copies of the material contracts referred to in the paragraph headed "Summary of material contracts" of Appendix V to this prospectus; and (iv) a copy of the statement of particulars of Giant Treasure as set out in the paragraph headed "14. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Patrick Mak & Tse at Rooms 901-905, 9/F, Wing On Centre, 111 Connaught Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this prospectus;

(c) the letter on unaudited pro forma financial information issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this prospectus;

(d) the audited financial statements of each of the companies comprising our Group except our Company for each of the two years ended 31 March 2017 and the six months ended 30 September 2017 (or for the period since their respective dates of incorporation where it is shorter), if any;

(e) the property valuation report prepared by Ascent Partners Valuation Service Limited, the text of which is set out in Appendix III to this prospectus;

(f) the letter prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix IV to this prospectus;

(g) the Companies Law;

(h) the legal opinion prepared by our Hong Kong Legal Advisers as to Hong Kong law in respect of certain aspects of our Group;

(i) the service agreements referred to in the paragraph headed "Particulars of service contracts" in Appendix V to this prospectus;

(j) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix V to this prospectus;

(k) the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus; and

(l) a statement of particulars of Giant Treasure as set out in the paragraph headed "14. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

i.century Holding Limited
愛世紀集團控股有限公司