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

ANNUAL REPORT
2018

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

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

This annual report will remain on GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This annual report will also be published on the Company's website at www.icenturyholding.com.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Kwok Hung Wilson
(Chairman and chief executive officer)
Ms. Tam Shuk Fan

Independent Non-Executive Directors

Ms. Lee Yin Mei
Ms. Cheung Wai Man
Mr. Lau Yau Chuen Louis

COMPANY SECRETARY

Mr. Kwok Chi Yin

COMPLIANCE OFFICER

Mr. Leung Kwok Hung Wilson

AUTHORISED REPRESENTATIVES

Ms. Tam Shuk Fan
Mr. Kwok Chi Yin

AUDIT COMMITTEE

Mr. Lau Yau Chuen Louis *(Chairman)*
Ms. Cheung Wai Man
Ms. Lee Yin Mei

REMUNERATION COMMITTEE

Ms. Lee Yin Mei *(Chairman)*
Ms. Cheung Wai Man
Mr. Lau Yau Chuen Louis

NOMINATION COMMITTEE

Mr. Leung Kwok Hung Wilson *(Chairman)*
Ms. Cheung Wai Man
Mr. Lau Yau Chuen Louis
Ms. Lee Yin Mei

AUDITOR

HLB Hodgson Impey Cheng Limited

LEGAL ADVISER

Vivien Teu & Co LLP in association with Llinks Law Office

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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

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Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICER

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

Trior Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPLIANCE ADVISER

Messis Capital Limited

STOCK CODE

8507

COMPANY WEBSITE

www.icenturyholding.com

Dear Shareholders,

On behalf of the board of directors (the "Board") of i.century Holding Limited (the "Company"), I am very pleased to present the audited annual results of the Group for the year ended 31 March 2018.

2018 is a remarkable year for the Group. The Group has successfully listed on the GEM of The Stock Exchange of Hong Kong Limited on 16 April 2018 by way share offer (the "Listing"). The net proceeds from share offer strengthened the financial position of the Group and facilitated implementation of its business plans. It also provided a good opportunity to promote our corporate image to the general public. I would like to thank all the professional parties involved and our staff for their contribution to the successful Listing.

During the year under review, the Group has been focusing on the provision of full spectrum of apparel supply chain management ("SCM") services and our services ranged from product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. For the year ended 31 March 2018, the Group achieved volume of sales and revenue in the total amount of 942,989 units and approximately HK$121.2 million respectively, recorded a gross profit of approximately HK$28.8 million and profit attributable to owners of the Company of approximately HK$2.7 million.

In view of the possible outbreak of trade war between the People's Republic of China ("PRC") and the United States of America ("U.S."), the Group considers the year of 2018 is a challenging year. With the receipt of net proceeds obtained from the Listing, the Group can implement our business objectives and strategies, further upgrade our operation efficiency in order to tackle the changing business environment.

On behalf of the Board, I would like to extend our sincere gratitude to my fellow Directors for their valuable commitment and the staff for their dedication and hard work in the past year, to the shareholders and business partners for their continuing support. With their contributions in 2018, we will strive to stimulate corporate growth and deliver higher returns to the Company and its shareholders as a whole.

By the order of the Board

Mr. Leung Kwok Hung Wilson
Chairman
25 June 2018

INTRODUCTION

The Group is an apparel supply chain management services provider and its services ranging from product development, sourcing and procurement of raw materials, production management and quality control to logistics arrangement. The Group's major customers include apparel retail brands based predominately in the U.S. and Europe, the products of which are marketed and sold under their own brands. The product style and function of the key customers are generally casual lifestyle for the general consumers and outdoor performance for outdoor activities.

The Group does not possess its own brand. All the Group's products are manufactured in accordance with the specifications and requirements provided by the Group's customers. The Group may give suggestions to the Group's customers regarding design and specification such as choice of raw materials, styling and pattern in order to meet the brand requirements and budgets.

The Group's products were manufactured by our manufacturer suppliers or other manufacturers engaged by the trading company suppliers located in the PRC.

BUSINESS REVIEW

During the year ended 31 March 2018, the Group's revenue increased by approximately 4.3% as compared with that for the year ended 31 March 2017 while gross profit margin decreased to approximately 23.8% for the year ended 31 March 2018 from approximately 25.6% for the preceding year. The decrease in gross profit margin was mainly attributable to the increase in the cost of sales, which was comprised of 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 year ended 31 March 2018.

Non-recurring listing expenses of approximately HK$11.5 million was recognised during the year ended 31 March 2018, which significantly affected the financial results of the Group during the year ended 31 March 2018. As a result, the net profit attributable to the owners of the Company decreased to approximately HK$2.7 million for the year ended 31 March 2018 comparing to approximately HK$14.5 million for the year ended 31 March 2017, representing a decrease of approximately 81.4%.

FINANCIAL REVIEW

Revenue

The Group recorded the revenue of approximately HK$121.2 million for the year ended 31 March 2018, representing an increase of approximately 4.3% comparing with that of approximately HK$116.2 million for the year ended 31 March 2017.

The following table sets out a breakdown of the Group's revenue by product categories for the two years ended 31 March 2018:

	For the year ended 31 March			
	2018		2017	
	HK$'000	**%**	HK$'000	%
Jackets	**74,807**	**61.7**	50,864	43.8
Woven shirts	**13,191**	**10.9**	17,369	15.0
Pullover	**7,103**	**5.9**	14,183	12.2
Pants and shorts	**15,411**	**12.7**	19,386	16.7
T-shirts	**8,054**	**6.7**	10,738	9.2
Other products (Note)	**2,584**	**2.1**	3,614	3.1
	121,150	**100.0**	116,154	100.0

During the year ended 31 March 2018, the sales volume of the Group amounted to approximately 0.9 million units of finished products. Set out below are the total sales quantities of each product category for the two years ended 31 March 2018:

	For the year ended 31 March			
	2018		2017	
	Unit sold	**%**	Unit sold	%
Jackets	**437,163**	**46.4**	301,790	32.8
Woven shirts	**99,110**	**10.5**	127,747	13.9
Pullover	**63,180**	**6.7**	127,438	13.8
Pants and shorts	**151,914**	**16.1**	174,890	19.0
T-shirts	**169,562**	**18.0**	169,145	18.3
Other products (Note)	**22,060**	**2.3**	20,065	2.2
	942,989	**100.0**	921,075	100.0

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

The selling price of each of the product categories 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 average selling price per unit of finished product sold to our customers for each product category for the two years ended 31 March 2018:

	For the year ended 31 March		
	2018 Average selling price (Note) HK$	2017 Average selling price (Note) HK$	Rate of change %
Jackets	**171.1**	168.5	1.5
Woven shirts	**133.1**	136.0	(2.1)
Pullover	**112.4**	111.3	1.0
Pants and shorts	**101.5**	110.8	(8.4)
T-shirts	**47.5**	63.5	(25.2)
Other products (Note)	**117.1**	180.1	(35.0)
Overall	**128.6**	126.1	2.0

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

Cost of sales

Cost of sales primarily consists of cost of goods sold, raw materials and consumable used, freight and transportation, laboratory test and inspection fee, declaration and license charges and other charges. The cost of sales increased to approximately HK$92.3 million for the year ended 31 March 2018 from approximately HK$86.4 million for the year ended 31 March 2017, representing an increase of approximately 6.8%. Such increase was due to the increase in total sales volume.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 3.0% from approximately HK$29.7 million for the year ended 31 March 2017 to approximately HK$28.8 million for the year ended 31 March 2018. The decrease was mainly attributable to the increase in cost of sales.

Other income

Other income mainly consists of (i) insurance claims; (ii) bank interest income; (iii) trade claims received from factories for damaged goods and late deliveries; (iv) staff welfare sponsorship; (v) sundry income; and (vi) compensation income derived from penalty of late payment from customers.

The Group's other income decreased by approximately 11.1% from approximately HK$0.9 million for the year ended 31 March 2017 to approximately HK$0.8 million for the year ended 31 March 2018. The decrease was mainly attributable to the absence of the Group's insurance claim and compensation income.

Other gains/(losses)

Other gains/losses consist of (i) net foreign exchange gain/loss, (ii) reversal of impairment loss recognised in respect of trade receivables and (iii) impairment loss recognised in respect of trade receivables. The Group's recorded other gains to approximately HK$0.6 million for the year ended 31 March 2018 as compared with other losses of approximately HK$0.2 million for the year ended 31 March 2017. The increase in other gains was mainly attributable to the increase in foreign exchange gain and the reversal of impairment loss recognised in respect of trade receivables.

Selling and distribution expenses

Selling and distribution expenses mainly consist of (i) commission paid to sales agent for referral of customers; (ii) overseas travelling; and (iii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses decreased by approximately 10.4% from approximately HK$4.8 million for the year ended 31 March 2017 to approximately HK$4.3 million for the year ended 31 March 2018. The net decrease in the Group's selling and distribution expenses was mainly attributable to the decrease in (i) staff costs for recruited merchandising staff and (ii) overseas travelling during the year.

Administrative expenses

Administrative expenses primarily comprise (i) staff costs and benefits for general and administrative staff; (ii) rent and government rates; (iii) Director's remuneration; (iv) legal and professional fee, accountancy fee and company secretarial service fee; and (v) entertainment expenses.

Administrative expenses slightly increased to approximately HK$8.2 million for the year ended 31 March 2018 from approximately HK$7.5 million for the year ended 31 March 2017, representing an increase of approximately 9.3%. Such an increase was mainly attributable to the increase in audit fees and legal and professional fee as compared to the previous year.

Listing expenses

The Group recognised non-recurring listing expenses of approximately HK$11.5 million for the year ended 31 March 2018 while there was approximately HK$0.2 million listing expenses recognised in the previous financial year. Accordingly, the financial results of the Group for the year ended 31 March 2018 have been significantly affected by the recognition of such listing expenses.

Finance costs

The Group's finance costs increased by approximately HK$0.3 million, or approximately 100.0%, from approximately HK$0.3 million for the year ended 31 March 2017 to approximately HK$0.6 million for the year ended 31 March 2018. The increase was mainly due to the increase in bank borrowings taken out by the Group to finance daily operations.

Profit before tax

As a result of the foregoing, profit before income tax decreased by approximately 68.6% from approximately HK$17.5 million for the year ended 31 March 2017 to approximately HK$5.5 million for the year ended 31 March 2018. The decrease was mainly due to the listing expenses incurred as aforementioned during the year ended 31 March 2018.

Income tax expense

Income tax expense of the Group decreased by approximately 6.7% from approximately HK$3.0 million for the year ended 31 March 2017 to approximately HK$2.8 million for the year ended 31 March 2018. The decrease was mainly due to the decrease in profit before tax, excluding the effect of non-deductible expenses, e.g. the listing expenses and non-chargeable other income items.

Profit and total comprehensive income attributable to owners of the Company

As a result of the foregoing, the profit for the year ended 31 March 2018 amounted to approximately HK$2.7 million, which included the non-recurring listing expenses of approximately HK$11.5 million for the year ended 31 March 2018 (31 March 2017: approximately HK$0.2 million), comparing with the profit of approximately HK$14.5 million for the year ended 31 March 2017.

Dividend

The Board does not recommend the payment of dividend for the year ended 31 March 2018 (31 March 2017: HK$11.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2018, the Group's operations were generally financed through internally generated cash flows and borrowings from banks. The Directors believe that in the long term, the Group's operations will be funded by a combination of internally generated cash flows and bank borrowings and, if necessary, additional equity financing.

As at 31 March 2018 and 2017, the Group had net current assets of approximately HK$13.6 million and HK$10.7 million respectively. The Group's current ratio increased from approximately 1.6 times as at 31 March 2017 to approximately 1.7 times as at 31 March 2018. Such an increase was mainly because of the repayment of an amount due from a shareholder and increase in deferred listing expenses classified under deposits, prepayment and other receivables of the consolidated statement of financial position during the year ended 31 March 2018.

Gearing ratio

Gearing ratio is calculated based on the borrowings divided by total equity at the respective reporting date. As at 31 March 2018 and 2017, the Group's gearing ratio was maintained at 42.1% and 39.8%, respectively. The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and banking credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performance ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL STRUCTURE

The shares of the Company (the "Shares") were successfully listed on GEM of the Stock Exchange on 16 April 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary Shares.

As at the date of this annual report, the Company's issued share capital amounting to HK$4.0 million divided by 400,000,000 shares of HK$0.01 each.

Details of changes in the Company's share capital for the year ended 31 March 2018 are set out in note 28 to the consolidated financial statements in this annual report.

PLEDGE OF ASSETS

As at 31 March 2018, buildings of the Group with a carrying value of approximately HK$7.0 million (31 March 2017: approximately HK$7.2 million) had been pledged to secure bank loans of the Group.

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 20 March 2018, the Group completed a group reorganisation (the "Reorganisation"), details of which are set out in note 2 to the consolidated financial statements in this annual report. Subsequent to the completion of the Reorganisation and up to 31 March 2018, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus of the Company dated 29 March 2018 (the "Prospectus"), the Group currently has no plan for material investments and capital assets.

COMMITMENTS

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

	As at 31 March	
	2018	2017
	HK$000	HK$'000
Within one year	**906**	–
In the second to fifth year inclusive	**906**	–
	1,812	–

Operating lease payments represent rental expenses payable by the Group to a related entity controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan as set forth in note 31 to the consolidated financial statements in this annual report, for its office premises. Leases are negotiated for the fixed term of three years and rentals are fixed over the lease term. As at 31 March 2018, the Group did not have any other significant capital commitments (31 March 2017: Nil).

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2018 and 2017.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong dollars ("HK$"), United States dollars ("US$") 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 US$ as long as they are 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 exchange exposure, if necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 33 full-time employees (31 March 2017: 33). The Group's staff costs mainly included Directors' remuneration, salaries, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2018 and 2017, the Group's total staff costs (including Directors' remuneration) amounted to approximately HK$7.5 million and HK$7.3 million respectively. Remuneration is determined with reference to the prevailing market terms and the performance, qualification, experience, position and seniority of individual employee.

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

KEY PERFORMANCE INDICATORS

The Company has defined the following key performance indicators which are closely aligned with the performance of the Group.

	Notes	2018	2017	Rate of change
Revenue		**HK$121,150,000**	HK$116,154,000	4.3%
Gross profit		**HK$28,817,000**	HK$29,710,000	(3.0)%
Profit for the year attributable to owners of the company		**HK$2,741,000**	HK$14,518,000	(81.1)%
Adjusted net profit for the year	1	**HK$14,221,000**	HK$14,743,000	(3.5)%
Gross profit margin		**23.8%**	25.6%	
Net profit margin		**2.3%**	12.5%	
Adjusted net profit margin for the year	1	**11.7%**	12.7%	
Return on total assets		**7.0%**	40.5%	
Return on equity		**13.3%**	81.1%	
Current ratio		**1.7 times**	1.6 times	
Quick ratio		**1.7 times**	1.5 times	

Notes:

1. Adjusted net profit margin is calculated by adjusted net profit for the year divided by the revenue for the respective year end and multiplied by 100%. Adjusted net profit for the year represents our profit for the year 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.

USE OF PROCEEDS

As set out in the Prospectus, the Group's strategic goal is to achieve sustainable growth and further strengthen our overall competitiveness and business growth in the apparel supply chain management services industry. Given that the Share Offer was completed upon Listing, the implementation plan as set out in the section headed "Business objectives and Future Plans" of the Prospectus will continue as disclosed.

FUTURE PROSPECTS

The Company has successfully listed on GEM of the Stock Exchange on 16 April 2018 to enhance its capital strength for future development. Going forward, the Directors and the management will continue to devote their best efforts to the future plans as disclosed in the Prospectus. From time to time, the Directors will seek business opportunities to increase the Group's revenue and to control the Group's overall costs to an acceptable and satisfactory level in order to increase shareholders' return.

Looking forward, the supply chain management services sector is still full of challenges. Nevertheless, the Group will embrace these challenges by setting up representative offices in the U.S. and France and establishing a quality control office in the PRC. The Group intends to execute its development plans as set out in the Prospectus carefully and prudently, with an aim to bring a desirable return to the shareholders of the Company and facilitate the long-term growth of the business of the Group.

EXECUTIVE DIRECTORS

Mr. Leung Kwok Hung Wilson (梁國雄), aged 49, is the chairman of the Board, an executive Director, and chief executive officer of the Group. Mr. Leung is also chairman of the nomination committee of the Company. Mr. Leung was appointed as the Director on 20 June 2017 and was re-designated as an executive Director and the chairman of the Group on 26 September 2017. Mr. Leung has over 30 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 Limited ("Majestic City International") in August 2008 with Ms. Tam Shuk Fan. He is primarily responsible for the overall corporate strategies, management and business development of the 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 the husband of Ms. Tam Shuk Fan. Mr. Leung is currently a director of each of Century Momentum Group Limited ("Century Momentum"), Majestic City International and Majestic City Enterprises Holdings Limited ("Majestic City Enterprises") (Formerly known as Success Great Corporation Limited).

Ms. Tam Shuk Fan (譚淑芬), aged 47, was appointed as the 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 the 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 the 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 wife of Mr. Leung Kwok Hung Wilson. Ms. Tam is currently a director of each of Century Momentum, Majestic City International and Majestic City Enterprises.

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, a member of the remuneration committee and a member of the nomination committee. Mr. Lau is responsible for providing independent judgement on the 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 18 years of financial reporting, audit and compliance experiences gained from international certified public accounting firms and listed companies. Mr. Lau was formerly an executive director and financial controller of Artini China Co. Ltd. (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 (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.

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 the Group's strategy, performance, resources and standard of conduct. Ms. Lee has over 27 years of experience in supply chain management 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 supply chain management of apparel and related products. From August 2016 to June 2018, she has been employed as finance planning and analysis manager at Fox Head Inc., the U.S., a hard goods, apparel and accessories brand, where she has been responsible for supply chain management of the products profitability.

Ms. Cheung Wai Man (張慧敏), aged 49, 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 the 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.

Save as disclosed above, each of the Directors did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

SENIOR MANAGEMENT

Mr. Kwok Chi Yin (郭志賢), aged 50, joined the Group on 26 September 2017 as the company secretary. Mr. Kwok is responsible for company secretarial matters of the 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 the 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.

Ms. Chan Sheung Ping (陳湘萍), aged 49, has been appointed as the chief operating officer of the Group on 26 September 2017. Ms. Chan is primarily responsible for assisting the chairman in managing the Group's business operation and offering advice on the corporate direction and strategic development of the Group. In addition, Ms. Chan also assists the executive Directors in managing customer relationship and marketing activities of the Group. Ms. Chan has over 26 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 the Group in 2008.

Each of the senior management did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

CORPORATE GOVERNANCE POLICY

The Shares have been successfully listed on the GEM of the Stock Exchange on 16 April 2018. The Board recognises that transparency and accountability are important to the Company as a listed company. Therefore, the Company is committed to maintaining good corporate governance in order to uphold the transparency of the Group and to safeguard interests of the shareholders.

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 March 2018, except for the deviation of the CG Code provision A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung is the chairman and the chief executive officer of the Company. Considering that Mr. Leung has been operating and managing the Group since 2008, the Board believes that Mr. Leung would provide a strong and consistent leadership to the Group. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code is appropriate in such circumstance.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors since the listing date and up to the date of this annual report.

BOARD OF DIRECTORS

The Board currently comprises:

Executive Directors	
Mr. Leung Kwok Hung Wilson *(Chairman and chief executive officer)*	(appointed as a Director on 20 June 2017 and re-designated as an executive Director on 26 September 2017)
Ms. Tam Shuk Fan	(appointed as a Director on 20 June 2017 and re-designated as an executive Director on 26 September 2017)
Independent Non-executive Directors	
Ms. Lee Yin Mei	(appointed on 20 March 2018)
Ms. Cheung Wai Man	(appointed on 20 March 2018)
Mr. Lau Yau Chuen Louis	(appointed on 20 March 2018)

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

The Board has complied with the requirements of the GEM Listing Rules to have at least three independent non-executive Directors who represent more than one-third of the Board and with at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules.

The Board has received from each independent non-executive Director ("INED") a written annual confirmation of his independence pursuant to Rule 5.09 and 5.10 of the GEM Listing Rules, and the nomination committee of the Company (the "Nomination Committee") has assessed the independence of each INED and the Company considers that each of their independence is in compliance with 5.05(1) and 5.05(2) and 5.05A of the GEM Listing Rules as at the date of this annual report. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his independence.

Other than disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report, the Directors do not have financial, business, family or other material/relevant relationships with each other.

After annual assessment by the Nomination Committee, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategy.

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and its collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company in discharging its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and tasks are periodically reviewed by the Board, approval has to be obtained from the Board prior to any significant transactions entered into by any of the executive Directors and the senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for efficient and effective delivery of the Board functions. The Board had also delegated various responsibilities to the board committee of the Company (the "Board Committees").

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the articles of association of the Company (the "Articles").

Each of the independent non-executive Directors (the "INEDs") had entered into an appointment letter with the Company for an initial term of three years commencing from the Listing date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provision in the Articles.

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles. At each annual general meeting (the "AGM"), one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) will retire from office by rotation provided that every Director will be subject to retirement at the AGM at least once every three years. A retiring Director will be eligible for re-election and will continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation will include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the shareholders after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

BOARD COMMITTEES

The Board had established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee specific aspects of the Group's affairs and help it in the execution of its responsibilities. The Board Committees each have specific written terms of reference which clearly outline the committees' authority and duties and require the Board Committees to report back on their decisions or recommendations to the Board. All Board Committees are provided with sufficient resources to discharge their duties including access to management or professional advice if considered necessary.

AUDIT COMMITTEE

The Company has established the Audit Committee on 20 March 2018 with written terms of reference in compliance with paragraph C.3.3 of the CG Code. The Audit Committee consists of 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 has been appointed as the chairman of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, to nominate and monitor the Company's external auditors, and to oversee the risk management and internal control procedures of the Company.

The members of the Audit Committee would hold meetings at least four times a year. Due to the fact that the Company was listed on 16 April 2018, the Audit Committee had not held any meeting during the year ended 31 March 2018. The first meeting of the Audit Committee has held on 3 May 2018 and the Company's external auditor attended, so that the members of the Audit Committee could exchange their views and concerns.

Subsequent to the reporting period and up to the date of this annual report, the second meeting of the Audit Committee was held on 25 June 2018, during which the Audit Committee had, among other things, reviewed the consolidated financial statements of the Group for the year ended 31 March 2018, including the accounting policies and practices adopted by the Group, as well as the risk management and internal control systems of the Group.

The attendance records of each member of the Audit Committee to its meeting are set out below:

Name of Directors	No. of attendance/ No. of Meeting
Mr. Lau Yau Chuen Louis	2/2
Ms. Cheung Wai Man	2/2
Ms. Lee Yin Mei	2/2

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 20 March 2018 with written terms of reference in compliance with paragraph B.1.2 of the CG Code. The Remuneration Committee has three members, namely Ms. Lee Yin Mei, Ms. Cheung Wai Man and Mr. Lau Yau Chuen Louis. Ms. Lee Yin Mei has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, and to ensure that none of the Directors determine their own remuneration.

The members of the Remuneration Committee should meet at least once a year. As the Company was listed on 16 April 2018, no remuneration committee meeting has been held during the reporting period.

Subsequent to the end of the reporting period and up to the date of this annual report, the first meeting of the Remuneration Committee was held on 25 June 2018 for, among other things, reviewing the remuneration packages of the individual executive Directors and senior management and making recommendations to the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 March 2018 is as follows:

Remuneration Bands (HK$)	No. of Individuals
Nil to 1,000,000	4

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 20 March 2018 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The Nomination Committee has four members, namely Mr. Leung Kwok Hung Wilson, Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Ms. Lee Yin Mei. Mr. Leung Kwok Hung Wilson has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually, to identify individuals suitably qualified to become members of the Board, to assess the independence of the independent non-executive Directors, and to make recommendations to the Board on relevant matters relating to appointments of Directors.

The members of the Nomination Committee should meet at least once a year. As the Company was listed on 16 April 2018, no nomination committee meeting has been held during the reporting period.

Subsequent to the end of the reporting period and up to the date of this annual report, the first meeting of the Nomination Meeting was held on 25 June 2018, and has, among other things, reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "Board Diversity Policy") from the date of the Listing. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

SUMMARY OF THE BOARD DIVERSITY POLICY

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

MEASURABLE OBJECTIVES

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

IMPLEMENTATION AND MONITORING

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy since the Listing date and up to the date of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions which include, but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD MEETING, AND PROCEDURES

Up to the date of this annual report, the Board meeting was held twice. For the financial year commencing on 1 April 2018, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. The attendance record of each Director at the Board meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Leung Kwok Hung Wilson	2/2
Ms. Tam Shuk Fan	2/2
Independent Non-executive Directors	
Ms. Lee Yin Mei	2/2
Ms. Cheung Wai Man	2/2
Mr. Lau Yan Chuen Louis	2/2

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the scheduled date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comments before being tabled at the next Board meeting for approval. The minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist the Directors' continuous professional development, the Company recommends the Directors to attend relevant seminars to develop and refresh their knowledge and skills. The Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills. The company secretary of the Company is responsible for maintaining and updating records for the Directors' training sessions.

Before the Listing, all the Directors participated in a training session arranged by a professional firm, and each Director was provided with relevant guidance materials with respect to the laws applicable to Directors, the roles and responsibilities of Directors and the Directors' duty to disclose their interests.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the consolidated financial statements of the Group. As at 31 March 2018, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, HLB Hodgson Impey Cheng Limited ("HLB"), about their reporting responsibility on the consolidated financial statement of the Group are set out in the independent auditor's report in the annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board had the overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate efficient operation which in turn minimizes the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establishing, implementing, reviewing and evaluation a sound and effective internal control system underpinning the risk management framework. All employees of the Group are committed to implement the risk management framework into the daily operation.

The Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time. The Group had engaged Infinity Concept Ripple Limited, external professional consultant, to conduct independent internal control review for the year ended 31 March 2018 and the review is completed as at the date of this annual report.

For the year ended 31 March 2018, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provision on internal control of the CG Code.

INDEPENDENT AUDITORS' REMUNERATION

For the year, HLB was engaged as the Group's independent auditors. The remuneration for the audit and non-audit services provided by HLB was as follows:

Types of Services	Amount (HK$'000)
Audit services	415
Non-audit services	
– Reporting accountants	2,059
Total	2,474

COMPANY SECRETARY

Mr. Kwok Chi Yin was appointed as the company secretary of the Company on 26 September 2017. The biographical details are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the year ended 31 March 2018, Mr. Kwok had undertaken more than 15 hours of relevant professional training.

COMPLIANCE OFFICER

Mr. Leung Kwok Hung Wilson is the compliance officer of the Company. Please refer to his biographical details as set out on page 15 of this annual report.

INVESTORS RELATIONS

The Company had adopted a shareholder communication policy with the objective of providing the shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company had established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.icenturyholding.com and meetings with investors and shareholders. News update of the Group's business on the website will be updated on a regular basis.

Share registration matters shall be handled for the shareholders by the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at the shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING ("EGM")

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong at Unit 212-215, 2/F Elite Industrial Centre, 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong for the attention of the Board and/or the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda. Together with a deposit of a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

The Requisition will be verified with the Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Eligible Shareholders concerned have been failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to make proposals or move a resolution may, however, convene an EGM in accordance with the "Procedures for Shareholders to convene an EGM" set out above.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board and or company secretary by addressing them to the principle place of business of the Company in Hong Kong at Unit 212-215, 2/F Elite Industrial Centre, 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

CONSTITUTIONAL DOCUMENTS

Except for the adoption of amend and restated memorandum and articles of association by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 20 March 2018 in anticipation of the Listing, there were no changes in the constitutional documents of the Company during the year ended 31 March 2018.

The amended and restated memorandum and articles of association is available on the websites of the Stock Exchange and the Company.

The Directors are pleased to present the first annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 June 2017. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its head office and principal place of business in Hong Kong is Unit 212-215, 2/F., Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong. The Shares were listed on GEM of the Stock Exchange since 16 April 2018.

Pursuant to the reorganisation of the Group in the preparation for the Listing (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 20 March 2018. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus and note 2 to the consolidated financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements. The principal activity of the Group is the provision of apparel SCM services.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 March 2018 are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 and the Group's financial position at that date are set out in the consolidated financial statements on pages 46 to 50 of this annual report.

The Directors do not recommend the payment of a dividend for the year 31 March 2018 (31 March 2017: HK$11,000,000).

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2018, a discussion on the Group's business development and an analysis of the Group's performance using financial key performance indicators are provided in the section headed "Management Discussion and Analysis" on pages 6 to 14. In addition, discussions on the principal risks and uncertainties facing the Group, the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, particulars of important events affecting the Group since the financial year ended 31 March 2018 and key relationships with its stakeholders are contained in this "Report of the Directors".

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposure are summarised as follow:

(i) The Group is exposed to credit risks of our customers;

(ii) The Group relies on several major customers and does not enter into long-term contracts with the customers. Any disruption in the business relationships with the Group's major customers may materially and adversely affect the business, prospects, financial condition and results of operations;

(iii) The Group is subject to intense competition from competitors engaging South and Southeast Asian manufacturers and if the Group fails to compete successfully against the competitors, the profitability and financial performance may be adversely affected;

(iv) Risks relating to the Group's business operations involving the U.S. and French customers as well as Brexit;

(v) The Group is 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;

(vi) 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; and

(vii) 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.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws, rules and regulations regarding environmental protection, health and safety, workplace conditions and employment.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws, rules and regulations in Hong Kong and reviews regularly the existing staff benefits for improvement. Apart from the remuneration package, the Group also offers other employee benefits, such as medical insurance etc. The Group works closely with its customers in devising new product designs each season and delivering the products according to their requirements. The Group had maintained business relationships with its five largest customers for a period ranging from 1 to 7 years. Over the years, the Directors believe that the Group has fostered a trustworthy and reliable strategic partnership with its customers built upon its proven track record of quality products, industry and product knowhow, market awareness, dedicated management team, and competitive pricing. The Group has also established stable, close working and long-term relationship with its suppliers. During the year, there was no material dispute or disagreement with the employees, the customers and the suppliers of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year are as follows:

	Sales HK$'000	Purchases HK$'000
The largest customer	41,142	N/A
Five largest customers in aggregate	70,453	N/A
The largest supplier	N/A	14,208
Five largest suppliers in aggregate	N/A	54,651

FINANCIAL SUMMARY

A summary of the published results assets and liabilities of the Group for the last three financial years is set out at pages 99-100. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in note 27 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital and movements during the year are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in reserves on the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 48 and note 33(b) to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive or similar rights under the laws of Caymans Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

DISTRIBUTABLE RESERVES

Retained earnings of the Company may be available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. No Company's reserves available for distribution to the shareholders at 31 March 2018.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Leung Kwok Hung Wilson *(Chairman and Chief Executive Officer)*	(appointed as a Director on 20 June 2017 and re-designated as an executive Director on 26 September 2017)
Ms. Tam Shuk Fan	(appointed as a Director on 20 June 2017 and re-designated as an executive Director on 26 September 2017)

Independent non-executive Directors

Ms. Lee Yin Mei	(appointed on 20 March 2018)
Ms. Cheung Wai Man	(appointed on 20 March 2018)
Mr. Lau Yau Chuen Louis	(appointed on 20 March 2018)

Pursuant to article 84 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their numbers is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Pursuant to article 83(3) of the Article, any Director appointed by Board to fill a causal vacancy shall hold office only until the first general meeting of the Company after his/her appointment and shall be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the first following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Accordingly the Directors, namely Ms. Tam Shuk Fan and Ms. Lee Yin Mei will retire from office as Directors at the forthcoming annual general meeting to be held on 8 August 2018 and are eligible offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company 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 the independent non-executive Directors had entered into an appointment letter with the Company for an initial term of three years commencing from the Listing date provided that either party may terminate such appointment at any time by giving not less than one month notice in writing to the other.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE CONFIRMATION

The Company had received confirmation from each of the independent non-executive Directors regarding his/ her independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the contracts relating to the Reorganisation and save as disclosed in this annual report, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or the Company had a material interest subsisted at the end of the year or at any time during the year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and five highest paid individuals are set out in notes 14 and 15 to the consolidated financial statements.

None of the Directors, their respective associates, or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any significant beneficial interest in the major customers and suppliers disclosed above.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme are set out in note 4 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company had appointed Messis Capital Limited ("Messis") to be the compliance adviser. As at 31 March 2018, as notified by Messis, except for the compliance adviser agreement entered into between the Company and Messis dated 28 September 2017, neither Messis nor any of its directors or employees or associates, had or may have, any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities).

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

Since the Shares of the Company were not listed on the Stock Exchange as at 31 March 2018, Divisions 7 and 8 of Part XV of the SFO, section 352 of the SFO and the Model Code contained in the GEM Listing Rules were not applicable to the Company, the Directors and chief executive of the Company as at 31 March 2018.

As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to Rules 5.46 to 5.6 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares

Name of Director	Capacity	Number of shares[1]	Percentage of shareholding
Mr. Leung Kwok Hung Wilson[2]	Interest in a controlled corporation	280,000,000	70%
Ms. Tam Shuk Fan[2]	Interest in a controlled corporation	280,000,000	70%

Notes:

1. As at the date of this report, the Company's issued ordinary share capital was HK$4,000,000 divided into 400,000,000 Shares of HK0.01 each.

2. Such 280,000,000 shares are registered in the name of Giant Treasure Development Limited ("Giant Treasure"), a company beneficially owned as to 50% by Mr. Leung Kwok Hung Wilson and 50% by Ms. Tam Shuk Fan. Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan are husband and wife. Therefore, each of Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan is deemed to be interested in all the shares held by Giant Treasure under the SFO.

Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of interest
Mr. Leung Kwok Hung Wilson	Giant Treasure	Beneficial owner	100	100%
Ms. Tam Shuk Fan	Giant Treasure	Beneficial owner	100	100%

Mr. Leung Kwok Hung Wilson is the legal and beneficial owner of 50 issued ordinary shares of Giant Treasure, representing 50% of the issued share capital of Giant Treasure. Ms. Tam Shuk Fan is the legal and beneficial owner of the other 50 issued ordinary shares of Giant Treasure, representing the remaining 50% of the issued share capital of Giant Treasure. As Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan are husband and wife, each of Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan is deemed to be interested in all the interest in Giant Treasure.

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including any interest or short position which they are taken or deemed to have under provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 of the GEM Listing Rules.

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

Since the Shares were not listed on the Stock Exchange as at 31 March 2018, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company and the substantial shareholders as at 31 March 2018.

As at the date of this report, so far as it is known to the Directors, the following persons, other than Directors or chief executive of the Company, who held interest or short position in the Shares and underlying Shares were recorded in the register of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the ordinary shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares *(Note)*	Percentage of interest in the Company
Giant Treasure	Beneficial owner	280,000,000	70%

Note: Such 280,000,000 shares are registered in the name of Giant Treasure a company beneficially owned as to 50% by Mr. Leung Kwok Hung Wilson and 50% by Ms. Tam Shuk Fan. Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan are husband and wife. Therefore, each of Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan is deemed to be interested in all the shares held by Giant Treasure under the SFO.

COMPETING INTEREST

For the year ended 31 March 2018, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

A deed of non-competition dated 20 March 2018 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

The related party transactions set out in note 30 to the consolidated financial statements constituted connected transactions for the Company under Chapter 20 of the GEM Listing Rules, but these transactions were either discontinued prior to the Listing or fell under the de minimis threshold which are exempted from reporting, annual review, announcement, circular and independent shareholders' approval requirements. The Company had complied with the disclosure obligations, where applicable, in accordance with Chapter 20 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the date of the Listing and up to the date of this annual report, there has been no purchases, sales and redemption of the Company's listed securities by the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times throughout the period from the date of the Listing to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM to be held on Wednesday, 8 August 2018, the register of members of the Company will be closed on Friday, 3 August 2018 to Wednesday, 8 August 2018 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Thursday, 2 August 2018.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the Group. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 18 to 28 of this annual report.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after this annual report had been published.

EVENT AFTER THE REPORTING PERIOD

The Company's shares were listed on the GEM of the Stock Exchange on 16 April 2018 and 120,000,000 ordinary shares were issued at HK$0.58 per offer share on 16 April 2018 in connection with the Listing as detailed in the Prospectus and the announcement of the Company dated 16 April 2018, among others, in relation to the allotment results of the Share Offer. After deducting related listing expenses, the net proceeds of the Share Offer are approximately HK$31.0 million.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2018 comply with applicable reporting standards, GEM Listing Rules, and that adequate disclosures have been made.

AUDITOR

The consolidated financial statements for the year have been audited by HLB, who will retire and, being eligible, offer themselves for re-appointment.

A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Leung Kwok Hung Wilson
Chairman

Hong Kong, 25 June 2018

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF i.century HOLDING LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of i.century Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 98, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition on apparel supply chain management services provided *Refer to Note 9 to the consolidated financial statements.*	
We identified the recognition of revenue as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole, combined with judgment involved in determining the appropriate point at which to recognise revenue with reference to the criteria as set out in Note 4 "*Revenue recognition*" to the consolidated financial statements.	Our procedures in relation to revenue recognition included: – understanding the revenue and business process of the Group; – assessing the appropriateness of the Group's revenue recognition accounting policy in line with HKFRSs; and – checking, on a sample basis, the sales transaction recorded during the reporting period near the year end and just after the end of the reporting period including the date of the underlying sales invoices and relevant documentation, evidencing the date of delivery and acceptance of the goods or services to assess whether the related revenue has been recognised in the appropriate accounting period in accordance with the Group's revenue recognition accounting policies. We found that amount and timing of the revenue recognition were supported by the available evidence.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on trade receivables *Refer to Note 21 to the consolidated financial statements.*	
We identified the impairment assessment on trade receivables as a key audit matter as trade receivable is quantitatively significant to the consolidated financial statements as a whole, combined with management judgment involved in consideration the credit history of the customers and the current market condition.	Our procedures in relation to management’s impairment assessment on trade receivables included: – discussing the Group’s procedures on credit periods given to customers with the management; – evaluating the management’s impairment assessment of trade receivables; and – checking, on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditors’ report thereon (the “Other Information”).

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Yu Chi Fat.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 25 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	9	**121,150**	116,154
Cost of sales		**(92,333)**	(86,444)
Gross profit		**28,817**	29,710
Other income	10	**777**	901
Other gains/(losses)	11	**577**	(158)
Selling and distribution expenses		**(4,267)**	(4,833)
Administrative expenses		**(8,247)**	(7,516)
Listing expenses		**(11,480)**	(225)
Finance costs	12	**(673)**	(344)
Profit before tax	13	**5,504**	17,535
Income tax expense	16	**(2,763)**	(3,017)
Profit and total comprehensive income for the year attributable to owners of the Company		**2,741**	14,518
Earnings per share			
Basic and diluted *(HK cents)*	18	**0.009**	0.048

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Property, plant and equipment	19	**7,080**	7,217
Current assets			
Inventories	20	**–**	2,126
Trade receivables	21	**12,292**	6,751
Deposits, prepayments and other receivables	22	**13,014**	3,592
Amounts due from related companies	23	**47**	468
Amount due from a shareholder	23	**–**	4,949
Bank balances and cash	24	**6,510**	10,719
		31,863	28,605
Current liabilities			
Trade payables	25	**3,789**	2,280
Other payables and accruals	26	**1,456**	626
Trade deposit received		**4,251**	5,914
Amount due to a shareholder	23	**13**	–
Borrowings	27	**8,685**	7,121
Tax payable		**52**	1,934
		18,246	17,875
Net current assets		**13,617**	10,730
Total assets less current liabilities		**20,697**	17,947
Equity attributable to owners of the Company			
Share capital	28	**–**	–
Reserves		**20,645**	17,904
Total equity		**20,645**	17,904
Non-current liability			
Deferred tax	29	**52**	43
		20,697	17,947

Approved and authorised for issue by the board of directors on 25 June 2018 and signed on its behalf by:

Leung Kwok Hung Wilson
Director

Tam Shuk Fan
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company			
	Share capital	**Contribution reserve** (Note)	**Retained earnings**	**Total equity**
	HK$000	HK$000	HK$000	HK$000
At 1 April 2016	–	–	14,386	14,386
Profit and total comprehensive income for the year	–	–	14,518	14,518
Interim dividend paid	–	–	(11,000)	(11,000)
At 31 March 2017	–	–	17,904	17,904
Profit and total comprehensive income for the year	–	–	2,741	2,741
Transaction with owners in their capacity as equity owners:				
Share issued pursuant to the Reorganisation (Note)	–	–	–	–
At 31 March 2018	–	–	20,645	20,645

Note: Contribution reserve of the Group represents the difference between the aggregated share capital of the subsidiaries and one nil paid share of the Company issued as fully paid pursuant to the Reorganisation (as defined in Note 2 below) for the transfer of the subsidiaries to the Company. The balance was approximately HK$4.

The accompanying notes form an integral part of these consolidated financial statements.

	Notes	2018 HK$'000	2017 HK$'000
Operating activities			
Profit before tax		**5,504**	17,535
Adjustments for:			
Interest income		**(9)**	(2)
Finance costs		**673**	344
Depreciation of property, plant and equipment		**196**	194
Reversal of impairment loss recognised in respect of trade receivables		**(246)**	–
Impairment losses recognised in respect of trade receivables		**–**	128
Operating cash flows before movements in working capital		**6,118**	18,199
Increase in inventories		**2,126**	(1,410)
Increase in trade receivables		**(5,295)**	(969)
(Increase)/decrease in deposits, prepayments and other receivables		**(5,910)**	2,477
Increase/(decrease) in trade payables		**1,509**	(1,631)
Increase/(decrease) in other payables and accruals		**830**	(1,402)
Decrease in trade deposits received		**(1,663)**	(596)
Cash (used in)/generated from operations		**(2,285)**	14,668
Income tax paid		**(4,636)**	(2,573)
Net cash (used in)/generated from operating activities		**(6,921)**	12,095
Investing activities			
Interest received		**9**	2
Purchase of property, plant and equipment		**(59)**	(51)
Decrease in amounts due from related companies		**421**	10,580
Increase in amount due from a shareholder		**4,949**	(4,949)
Net cash generated from investing activities		**5,320**	5,582

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Financing activities			
Interest paid		**(673)**	(344)
Proceeds from bank borrowings		**5,000**	3,000
Repayment of bank borrowings		**(869)**	(8,718)
Decrease in amount due to a related company		**–**	(384)
Decrease in amount due to a shareholder		**13**	(2,450)
Deferred listing expenses paid		**(3,512)**	(75)
Dividends paid		**–**	(11,000)
Net cash used in financing activities		**(41)**	(19,971)
Net decrease in cash and cash equivalents, net of bank overdrafts		**(1,642)**	(2,294)
Cash and cash equivalents at beginning of year, net of bank overdrafts		**5,400**	7,694
Cash and cash equivalents at end of the year, net of bank overdrafts		**3,758**	5,400
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**6,510**	10,719
Bank overdrafts		**(2,752)**	(5,319)
		3,758	5,400

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong is Unit 212-215, 2/F., Elite Industrial Centre, No.883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's immediate holding company is Giant Treasure Development Limited ("Giant Treasure"), a company incorporated in the British Virgin Islands ("BVI"). Giant Treasure is controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan, the Directors of the Company (the "Director").

The Company is an investment holding company and its subsidiaries principally engaged in provision of apparel supply chain management ("SCM") services.

The shares of the Company (the "Shares") have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively the "Share Offer") on 16 April 2018 (the "Listing Date").

On the Listing Date, a total of 120,000,000 Shares with nominal value of HK$0.01 each were offered at the final offer price of HK$0.58 per share under the Share Offer, The Share Offer comprised the placing and the public offer with a total of 120,000,000 Shares. The placing comprised 64,000,000 new Shares being issued by the Company for subscription and 20,000,000 Sale Shares being offered by the selling shareholder for sale together representing approximately 21.0% of the enlarged issued share capital of the Company. Under the public offer, 36,000,000 Shares, representing 9.0% of the enlarged issued share capital of the Company were issued for subscription by members of the public in Hong Kong. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK$31,000,000.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK$'000), except when otherwise stated.

2. REORGANISATION

In connection with the listing of the Shares on GEM of the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation").

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 Kwok Hung Wilson and Ms. Tam Shuk Fan subscribed for 50 fully paid shares of Giant Treasure for the issue price of US$50.

2. REORGANISATION (continued)

Incorporation of the Company

On 20 June 2017, the 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 the 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.

Incorporation of Century Momentum Group Limited

Century Momentum Group Limited ("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, the Company subscribed for 100 fully paid shares of Century Momentum for the issue price of US$1 per share.

Acquisition of the entire issued share capital of each of Majestic City International Limited ("Majestic City International") and Majestic City Enterprises Holdings Limited (Formerly known as Success Great Corporation Limited) ("Majestic City Enterprises") by the Company

On 20 March 2018, as part of the Reorganisation, Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan 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 Majestic City Enterprises to Century Momentum as nominated by the 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 the Company. As a result of such shares transfer, each of Majestic City International and Majestic City Enterprises became a wholly-owned subsidiary of Century Momentum.

3. BASIS OF PREPARATION

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 and Ms. Tam Shuk Fan, 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 reporting period.

3. BASIS OF PREPARATION (continued)

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity include the results of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated on combination.

Application of New and Amended Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has applied and consistently applied HKFRSs issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning on 1 April 2017 for both current and prior years.

The Group has not early adopted the following new HKFRSs, new interpretations and amendments to existing HKFRSs ("new and amended HKFRSs") that have been issued but are not yet effective.

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 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
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 Contracts[3]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income tax Treatments[2]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after 1st January, 2018
2 Effective for annual periods beginning on or after 1st January, 2019
3 Effective for annual periods beginning on or after 1st January, 2021
4 Effective for annual periods beginning on or after a date to be determined

3. BASIS OF PREPARATION (continued)

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, 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 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.

3. BASIS OF PREPARATION (continued)

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 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.

3. BASIS OF PREPARATION (continued)

HKFRS 16 Leases (continued)

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 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,812,000 as disclosed in note 31. 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 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 do not anticipate that the application of other new and amended HKFRSs will have a material impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and related interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 acquire 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, noncontrolling 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

(a) Consolidation (continued)

(i) Business combination not under common control (continued)

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 consolidated 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 consolidated 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 consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

(a) Consolidation (continued)

(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 consolidated 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 consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 hyperinflationary 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 consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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 reporting 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 reporting 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 reporting 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Impairment of financial assets (continued)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

In the consolidated 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 reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reporting 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 reporting 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and deferred tax (continued)

(b) Deferred tax (continued)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated financial statements in the period in which the dividend is approved by shareholders of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(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 the reporting 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 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 during the reporting period.

The capital structure of the Group consists of total borrowings and equity attributable to owners of the Company, comprising share capital, reserves and retained profits as disclosed in the consolidated financial statements.

The Directors review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and balance its overall capital structure through the payment of dividends and injection of capital.

The following is the gearing ratio at the end of each reporting period:

	2018 **HK$'000**	2017 HK$'000
Borrowings (Note 27)	**8,685**	7,121
Total equity (Note)	**20,645**	17,904
Gearing ratio	**42.1%**	39.8%

Note: Total equity includes share capital and reserves at the end of each reporting period.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**18,849**	22,887
Financial liabilities		
Amortised cost	**13,943**	10,027

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The management monitor and manage the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Group's major financial instruments include trade receivables, deposits and other receivables, amounts due from related companies, amount due from/(to) a shareholder, bank balances and cash, trade payables, other payables and accruals, trade deposits received and borrowings. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong with majority of the transactions being settled in HK$, United States dollar ("US$") 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 US$ 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.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Fair value and cash flow interest rate risk (continued)

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 consolidated pre-tax profit would have decreased/increased by approximately HK$10,873 and HK$18,000 for the years ended 31 March 2018 and 2017. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of the reporting 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.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Within 1 year or on demand HK$'000	Within 2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2018					
Non-derivative financial liabilities					
Trade payables	**3,789**	**–**	**–**	**3,789**	**3,789**
Other payables and accruals	**1,456**	**–**	**–**	**1,456**	**1,456**
Amount due to a director	**13**	**–**	**–**	**13**	**13**
Bank overdrafts	**2,752**	**–**	**–**	**2,752**	**2,752**
Bank borrowings – secured and guaranteed	**5,986**	**–**	**–**	**5,986**	**5,933**
	13,996	**–**	**–**	**13,996**	**13,943**
At 31 March 2017					
Non-derivative financial liabilities					
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	1,856	–	–	1,856	1,802
	10,081	–	–	10,081	10,027

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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 do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The Directors 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 1 year	**More than 1 year but less than 2 years**	**More than 2 year but less than 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2018					
Bank borrowings – secured and guaranteed	5,444	468	74	5,986	5,933
At 31 March 2017					
Bank borrowings – secured and guaranteed	900	882	74	1,856	1,802

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 consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements 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 ("CODM") in order to allocate resources to segments and to assess their performance. The information reported to the Directors who are the CODM, 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.

(a) Information about major customers

Revenue from customers during the reporting period individually contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Customer A	**N/A[1]**	18,940
Customer B	**41,142**	28,155
Customer C	**N/A[1]**	13,235

1 Revenue from the customer is less than 10% of the total revenue from the Group.

8. SEGMENT INFORMATION (continued)

(b) Geographical information

The following tables set out information about geographic location of customers is based on the location to which the goods are delivered. The geographic location of non-current asset is based on the physical location of the assets.

Revenue from external customers

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
U.S.	**67,252**	73,502
France	**23,893**	20,909
Other European countries (Note i)	**5,873**	5,312
Australia	**12,593**	3,543
Canada	**1,209**	3,630
Japan	**3,720**	3,921
Other locations (Note ii)	**6,610**	5,337
	121,150	116,154

Notes:

(i) Other European countries include Netherlands and United Kingdom.

(ii) Other locations include Hong Kong, Tahiti, Israel, South Korea and Argentina.

Non-current asset

	2018	2017
	HK$'000	HK$'000
Hong Kong	**7,080**	7,217

9. REVENUE

	2018 HK$'000	2017 HK$'000
Sales of goods	**121,150**	116,154

10. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Interest income	**9**	2
Trade claim	**129**	204
Insurance claim	**–**	289
Compensation income	**–**	180
Staff welfare sponsorship	**39**	55
Sundry income	**600**	171
	777	901

11. OTHER GAINS/(LOSSES)

	2018 HK$'000	2017 HK$'000
Net foreign exchange gain/(loss)	**331**	(30)
Reversal of impairment loss recognised in respect of trade receivables (Note 21)	**246**	–
Impairment loss recognised in respect of trade receivables (Note 21)	**–**	(128)
	577	(158)

12. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Bank overdrafts interest	**458**	200
Loans interest	**215**	144
	673	344

13. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2018 HK$'000	2017 HK$'000
Auditors' remuneration (Note i)	**415**	95
Depreciation of property, plant and equipment	**196**	194
Minimum lease payments under operating leases in respect of office premises	**906**	864
Commission expense	**–**	14
Cost of goods sold	**90,565**	84,545
Staff costs excluding Directors' remuneration (Note ii)		
– Salaries and wages	**5,792**	5,627
– Staff benefits	**144**	189
– Retirement benefit scheme contributions	**261**	255
	6,197	6,071

Notes:

(i) Excluding services for listing of the Group.

(ii) Staff costs excluding Directors' remuneration included in "Selling and distribution expenses" are salaries and wages of approximately HK$3,710,000 (2017: HK$3,995,000) and retirement benefit scheme contributions of approximately HK$187,000 (2017: HK$195,000).

14. DIRECTORS' REMUNERATION

Directors' remuneration for the year disclosed pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Notes	Directors' fee HK$'000	Salaries, allowances, and benefit in kind HK$'000	Retirement benefit scheme contribution HK$'000	Total HK$'000
Year ended 31 March 2018					
Executive directors:					
Mr. Leung Kwok Hung Wilson	(i)	**420**	**420**	**18**	**858**
Ms. Tam Shuk Fan	(ii)	**210**	**210**	**18**	**438**
Independent non-executive directors:					
Ms. Lee Yin Mei	(iii)	**–**	**–**	**–**	**–**
Ms. Cheung Wai Man	(iii)	**–**	**–**	**–**	**–**
Mr. Lau Yau Chuen Louis	(iii)	**–**	**–**	**–**	**–**
		630	**630**	**36**	**1,296**
Year ended 31 March 2017					
Executive directors:					
Mr. Leung Kwok Hung Wilson	(i)	803	–	3	806
Ms. Tam Shuk Fan	(ii)	402	–	2	404
		1,205	–	5	1,210

Notes:

(i) Appointed as a director of the Company on 20 June 2017 and re-designated as the chairman, an executive director, chief executive officer on 26 September 2017

(ii) Appointed as a director of the Company on 20 June 2017 and re-designated as an executive director on 26 September 2017

(iii) Appointed as independent non-executive director on 20 March 2018

14. DIRECTORS' REMUNERATION (continued)

No Directors have waived or agreed to waive any remuneration during the year.

No remuneration was paid to the independent non-executive Directors during the year ended 31 March 2018 and 2017 as the independent non-executive Directors have not been appointed during the years ended 31 March 2018 and 2017.

During the years ended 31 March 2018 and 2017, 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

The five highest paid employees included two (2017: two) Directors, details of whose remuneration are set out in note 14 above. Details of the remuneration of the remaining three (2017: three) non-director highest paid employees are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	**903**	863
Retirement benefit scheme contributions	**41**	43
	944	906

The above individuals with the highest emoluments are within the following bands:

	2018 HK$'000	2017 HK$'000
Nil to HK$1,000,000	**3**	3

16. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax – Hong Kong Profits Tax		
– Charge for the year	**2,754**	2,905
– Under-provision in prior year	**–**	75
	2,754	2,980
Deferred tax (Note 29)		
– Charge for the year	**9**	10
– Effect of revision of commercial building allowance by the Inland Revenue Department	**–**	27
	9	37
	2,763	3,017

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the years ended 31 March 2018 and 2017.

The income tax expense for the years ended 31 March 2018 and 2017 can be reconciled to the profit before tax per the consolidated statements of profit or loss as follows:

	2018 HK$'000	2017 HK$'000
Profit before tax	**5,504**	17,535
Tax at the Hong Kong Profits Tax rate of 16.5%	**908**	2,893
Tax effect of expenses not deductible for tax purpose	**1,916**	62
Tax effect of income not taxable for tax purpose	**(1)**	–
Tax reduction	**(60)**	(40)
Under-provision in prior year	**–**	102
Income tax expense	**2,763**	3,017

17. DIVIDEND

	2018 HK$'000	2017 HK$'000
Dividend paid	–	11,000

Prior to the Reorganisation, the Company's subsidiaries had declared and paid dividends to the shareholders during the year ended 31 March 2017.

The rates of dividends and number of shares ranking for dividends are not presented as such information is not considered meaningful.

18. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2018 HK$'000	2017 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**2,741**	14,518

	No. of shares '000	'000
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**300,000**	300,000

The weighted average number of ordinary shares in issue during the years ended 31 March 2018 and 2017 have been retrospectively adjusted on the assumption that the Capitalisation Issue in note 28 had been effective on 1 April 2016.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2017.

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 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	33	21	59
As at 31 March 2018	8,326	370	173	388	9,257
Accumulated depreciation					
As at 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 year	166	11	17	2	196
As at 31 March 2018	1,332	340	136	369	2,177
Carrying amount					
As at 31 March 2018	6,994	30	37	19	7,080
As at 31 March 2017	7,160	36	21	–	7,217

As at 31 March 2018 and 2017, buildings with net carrying amount of approximately HK$6,994,000 and HK$7,160,000 were pledged to secure general banking facilities granted to the Group respectively (Note 27).

20. INVENTORIES

	2018 HK$'000	2017 HK$'000
Goods-in-transit	–	2,126

21. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	16,738	11,443
Less: allowance for doubtful debts	(4,446)	(4,692)
	12,292	6,751

Ageing analysis

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:

	2018 HK$'000	2017 HK$'000
0-30 days	2,109	1,072
31-60 days	2,269	1,286
61-90 days	3,352	3,641
Over 90 days	4,562	752
	12,292	6,751

The Group has implemented a credit policy for its trade customers and credit terms given vary according to the length of business relationship with the customers, reputation and payment history.

The Group allows an average credit period ranged from 30 days to 60 days to its customers.

21. TRADE RECEIVABLES (continued)

Movement in the allowance for doubtful debts

The movement in the allowance for doubtful debts is as follows:

	2018 HK$'000	2017 HK$'000
At the beginning of 1 April	**4,692**	4,564
Impairment loss recognised (Note 11)	**–**	128
Reversal of impairment loss (Note 11)	**(246)**	–
At the end of 31 March	**4,446**	4,692

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.

Ageing analysis of trade receivable which are past due but not impaired

The following is an ageing analysis of trade receivables which were past due but not impaired are as follow:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	**2,942**	1,566
Over due by:		
1 – 30 days	**4,752**	792
31 – 60 days	**630**	3,641
Over 60 days	**3,968**	752
	9,350	5,185
	12,292	6,751

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 RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Trade deposits	**6,384**	3,485
Prepayment	**3,011**	–
Other deposits	**32**	32
Deferred listing expense	**3,587**	75
	13,014	3,592

23. BALANCES WITH RELATED COMPANIES AND A SHAREHOLDER

The Group's balances due from related companies, disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2018 **HK$'000**	2017 HK$'000
Amounts due from related companies		
Joint Linker Investment Limited ("Joint Linker") (Note i)	**4**	–
Turbo Profit Investment Limited ("Turbo Profit") (Note i)	**43**	–
江門市萬斯服裝有限公司 (Jiangmen Majestic Apparel Limited) ("Jiangmen Majestic") (Note ii)	**–**	468
	47	468
Amount due from a shareholder		
Mr. Leung Kwok Hung Wilson	**–**	4,949
Amount due to a shareholder		
Mr. Leung Kwok Hung Wilson	**13**	–

23. BALANCES WITH RELATED COMPANIES AND A SHAREHOLDER (continued)

The maximum amounts due from related companies and shareholder during the years ended 31 March 2018 and 2017 are as follows:

	2018 HK$'000	2017 HK$'000
Amounts due from related companies		
Majestic City Limited (Note i)	–	4,911
Country Fame Technology Limited (Note iii)	–	1,844
Turbo Profit	181	–
Joint Linker	168	44
Majestic City Development Limited (Note iv)	–	330
Perfect Regal Limited ("Perfect Regal") (Note i)	1,000	4,970
Jiangmen Majestic	1,098	468
Amount due from a shareholder		
Mr. Leung Kwok Hung Wilson	4,949	6,414

Notes:

(i) The related companies are controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan, who are the controlling shareholders and executive directors of the Company.

(ii) Jiangmen Majestic was controlled by Ms. Tam Shuk Fan, 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.

(iii) Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan resigned as the entity's director with effective from 1 December 2017.

(iv) The related company is controlled by Ms. Tam Shuk Fan who is the controlling shareholder and executive director of the Company. With effect from 31 October 2017, Majestic City Enterprises Holdings Limited has changed its name to Majestic City Development Limited.

Balances with related companies and a shareholder are non-trade in nature, unsecured, interest-free and repayable on demand.

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.

24. BANK BALANCES AND CASH

	2018 HK$'000	2017 HK$'000
HK$	**688**	716
US$	**5,465**	9,554
RMB	**357**	449
	6,510	10,719

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$357,000 and HK$449,000 as at 31 March 2018 and 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 consolidated statements of cash flows:

	2018 HK$'000	2017 HK$'000
Cash and cash equivalents (excluding bank overdrafts) in the consolidated statement of financial position	**6,510**	10,719
Less: bank overdrafts (Note 27)	**(2,752)**	(5,319)
	3,758	5,400

25. TRADE PAYABLES

The following is ageing analysis of trade payables, based on the invoice dates:

	2018 HK$'000	2017 HK$'000
0-30 days	**211**	1,468
31-60 days	**227**	82
61-90 days	**148**	213
Over 90 days	**3,203**	517
	3,789	2,280

The trade payables are non-interest-bearing and are generally settled on 30-day terms.

26. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Accruals	**1,456**	626

27. BORROWINGS

	2018 HK$'000	2017 HK$'000
Bank borrowings – secured and guaranteed	**5,933**	1,802
Bank overdrafts (Note 24)	**2,752**	5,319
	8,685	7,121

27. BORROWINGS (continued)

The carrying amounts of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):

	2018 HK$'000	2017 HK$'000
Within one year or on demand	**8,176**	870
Within a period of more than one year but not exceeding two years	**435**	859
Within a period of more than two year but not exceeding five years	**74**	73
	8,685	1,802
Less: Amounts classified as current liabilities – secured and guaranteed borrowings due within one year or contain a repayment on demand clause	**(8,685)**	(1,802)
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 2018 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 Kwok Hung Wilson and Ms. Tam Shuk Fan;

(b) The Group's buildings amounting to HK$6,994,000 and HK$7,160,000 respectively (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 2.74% to 5.75% per annum and 2.21% to 6.00% per annum as at 31 March 2018 and 2017 respectively.

The Group's borrowings are denominated in HK$ at the end of 31 March 2018 and 2017.

28. SHARE CAPITAL

	Number of share	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each upon incorporation (Note i)	38,000,000	380
Increase in the authorised share capital (Note ii)	9,962,000,000	99,620
As at 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 upon incorporation (Note i)	1,000	–
As at 31 March 2018	1,000	–

Notes:

(i) The Company was incorporated on 20 June 2017 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and has not carried on any business since the date of incorporation except for the Reorganisation. On the date of incorporation, one nil-paid share was allotted and issued. 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.

(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$0.01 each.

(iii) On 20 March 2018, as part of the Reorganisation, Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan 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 Majestic City Enterprises to Century Momentum as nominated by the 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 the Company. As a result of such shares transfer, each of Majestic City International and Majestic City Enterprises became a wholly-owned subsidiary of Century Momentum.

(iv) Upon listing on 16 April 2018 and Share premium account of the Company being credited as a result of the Share Offer in note 1, 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 ("Capitalisation Issue").

(v) 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 the Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid.

29. DEFERRED TAX

	2018 HK$'000	2017 HK$'000
Deferred tax liabilities	**(52)**	(43)

	Accelerated tax depreciation HK$'000
As at 1 April 2016	6
Charge to profit or loss (Note 16)	37
As at 31 March 2017	43
Charge to profit or loss (Note 16)	9
As at 31 March 2018	52

As at 31 March 2018 and 2017, the Group has no unused tax losses available for offset against future profits.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) *Related party transactions*

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions during the years ended 31 March 2018 and 2017:

	2018 HK$'000	2017 HK$'000
Purchase of inventories from Jiangmen Majestic	**7,693**	5,175
Rental expense to Turbo Profit	**414**	396
Rental expense to Joint Linker	**492**	468

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the normal ordinary course of business of the Group.

30. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) *Key management personnel compensation*

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in note 14 to the consolidated financial statements and certain of the highest paid employees as disclosed in note 15 to the consolidated financial statements, is as follows:

	2018 **HK$'000**	2017 HK$'000
Short term employee benefits	**2,163**	2,068
Post-employment benefits	**77**	48
	2,240	2,116

(c) *Outstanding balances with related companies and a shareholder*

Details of the Group's balances with related companies, a shareholder are disclosed in note 23 of the consolidated financial statements.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases certain office premises under operating lease arrangements. Leases for these office premises are negotiated for three years and rentals are fixed over the lease term. None of the leased includes contingent rentals.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**906**	–
Within two to five years	**906**	–
	1,812	–

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified as cash flows from financing activities in the Group's consolidated statement of cash flows. Consistent with the transition provisions of the amendments to HKAS 7 "Disclosure Initiative", the Group has not disclosed comparative information for the prior year.

	Borrowings	Amount due to a shareholder	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2017	1,802	–	1,802
Proceeds from a shareholder	–	13	13
Proceeds from bank borrowings	5,000	–	5,000
Repayment from bank borrowing	(869)	–	(869)
At 31 March 2018	5,933	13	5,946

33. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

	Note	2018 HK$'000
Non-current asset		
Investment in subsidiaries		1
Current asset		
Deposits, prepayments and other receivables		3,587
Current liabilities		
Accrual		80
Amount due to a subsidiary		15,068
		15,148
Net current liabilities		(11,561)
Total assets less current liabilities		(11,560)
Equity		
Share capital	28	–*
Accumulated losses		(11,560)
Total equity		(11,560)

* Amounts less than HK$1,000

Approved and authorised for issue by the board of directors on 25 June 2018 and are signed on its behalf by:

Leung Kwok Hung Wilson
Director

Tam Shuk Fan
Director

33. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

(b) Reserves Movements of the Company

	Share capital HK$000	Accumulated loss HK$000	Total equity HK$000
At 20 June 2017 (Date of incorporation)	–	–	–
Loss and total comprehensive income for the year	–	(11,560)	(11,560)
At 31 March 2018	–	(11,560)	(11,560)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation and operation	Issued ordinary share capital	Proportion of ownership held by the Company Directly	Indirectly	Principal activities
Century Momentum Group Limited	BVI	US$100	100%	–	Investment holding
Majestic City International Limited	Hong Kong	HK$2	–	100%	Provision of apparel SCM services
Success Great Corporation Limited (Note)	Hong Kong	HK$2	–	100%	Provision of apparel SCM services

Note: With effect from 24 May 2018, Success Great Corporation Limited has changed its name to Majestic City Enterprises Holdings Limited.

35. EVENTS AFTER THE REPORTING PERIOD

The Company's shares were listed on the GEM of the Stock Exchange on 16 April 2018 and 120,000,000 ordinary shares were issued at HK$0.58 per offer share on 16 April 2018 (the "Share Offer") in connection with the Listing as detailed in the Prospectus and the announcement of the Company dated 16 April 2018, among others, in relation to the allotment results of the Share Offer. After deducting related listing expenses, the net proceeds of the Share Offer are approximately HK$31.0 million.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 25 June 2018.

FINANCIAL SUMMARY

The following is a summary of the results, assets and liabilities of the Group for the last three years, as extracted from the published audited financial statements and the Prospectus:

RESULTS

	Year ended 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Revenue	**121,150**	116,154	94,155
Profit before tax	**5,504**	17,535	11,838
Income tax	**(2,763)**	(3,017)	(1,931)
Profit for the year and total comprehensive income for the year attributable to owners of the Company	**2,741**	14,518	9,907

Three Years' Financial Summary

ASSETS, LIABILITIES AND EQUITY

	As at 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Current assets	**31,863**	28,605	33,978
Non-current assets	**7,080**	7,217	7,360
Total assets	**38,943**	35,822	41,338
Current liabilities	**18,246**	17,875	26,946
Non-current liabilities	**52**	43	6
Total liabilities	**18,298**	17,918	26,952
Net assets	**20,645**	17,904	14,386
EQUITY			
Equity attributable to owners of the Company	**20,645**	17,904	14,386

Note: The summary of the consolidated results of the Group for each of the two years ended 31 March 2016 and 2017, and of the assets, liabilities and equity as at 31 March 2016 and 2017 have been extracted from the Prospectus.

The financial information for the years ended 31 March 2014 and 2015 were not disclosed as consolidated financial statements for the Group have not been prepared for those years.

The summary above does not form part of the audited financial statements.