



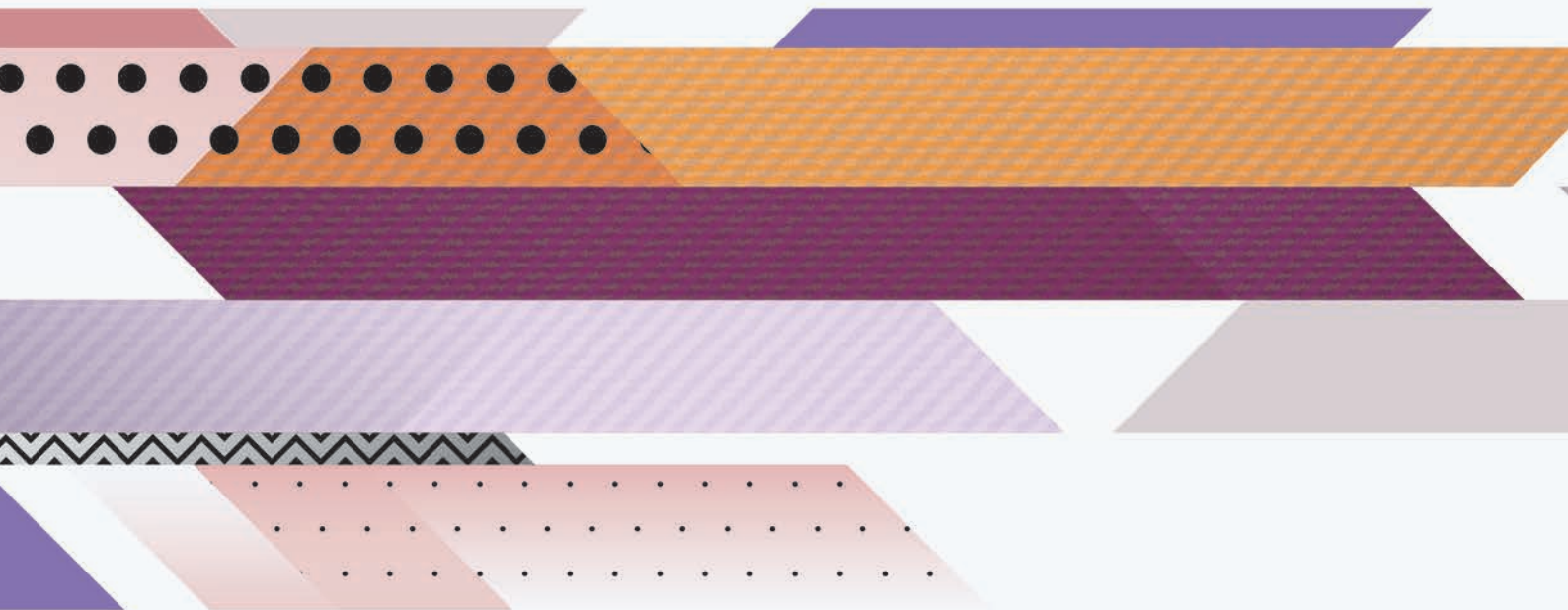
Speed Apparel Holding Limited 尚捷集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8183

INTERIM REPORT

2018/2019



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*This report, for which the directors (the “**Directors**”) of Speed Apparel Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this 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 report misleading.*

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2018, unaudited operating results of the Group is as follows:

- Revenue of approximately HK\$198.2 million was recorded for the six months ended 30 September 2018;
- Profit after taxation for the six months ended 30 September 2018 amounted to approximately HK\$11.2 million;
- Basic earnings per Share for the six months ended 30 September 2018 based on weighted average number of ordinary Shares of 500,000,000 was approximately 2.25 HK cents; and
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018.

FINANCIAL INFORMATION

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2018 together with comparative unaudited figures for the corresponding period in 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	180,835	158,700	198,168	197,223
Cost of sales		(146,816)	(136,077)	(161,346)	(169,309)
Gross profit		34,019	22,623	36,822	27,914
Other income	5	622	383	1,047	610
Other loss		(426)	(64)	(1,108)	(143)
Selling and distribution expenses		(7,577)	(7,382)	(11,653)	(13,032)
Administrative expenses		(5,844)	(6,657)	(11,302)	(11,892)
Listing expenses		-	-	-	(1,951)
Finance costs		(46)	(26)	(60)	(142)
Profit before taxation		20,748	8,877	13,746	1,364
Income tax expense	6	(2,512)	(560)	(2,517)	(570)
Profit for the period	8	18,236	8,317	11,229	794
Other comprehensive (expense) income					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(55)	26	(140)	52
Profit and total comprehensive income for the period attributable to owners of the Company		18,181	8,343	11,089	846
		HK cents	HK cents	HK cents	HK cents
Basic earnings per Share for the period attributable to owners of the Company	9	3.65	1.66	2.25	0.17

FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	2,086	1,680
Deferred tax asset		7	7
		2,093	1,687
Current assets			
Inventories		21,699	5,767
Trade and bills receivables	11	95,657	9,219
Prepayments, deposits and other receivables		6,209	4,490
Pledged bank deposits	12	14,450	15,864
Bank and cash balances		58,897	83,350
		196,912	118,690
Current liabilities			
Trade and other payables	13	93,934	26,884
Tax payable		2,485	818
Borrowings		6,382	–
Finance lease payable		125	122
		102,926	27,824
Net current assets		93,986	90,866
Total assets less current liabilities		96,079	92,553
Non-current liability			
Finance lease payable		199	262
		199	262
NET ASSETS		95,880	92,291
Capital and reserves			
Share capital	14	5,000	5,000
Reserves		90,880	87,291
TOTAL EQUITY		95,880	92,291

FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2017 (audited)	-	-	(19,229)	4,000	(63)	40,694	25,402
Profit for the period	-	-	-	-	-	794	794
Exchange differences arising on the translation of foreign operations	-	-	-	-	52	-	52
Profit and total comprehensive income for the period	-	-	-	-	52	794	846
Issuance of new Shares	1,250	61,250	-	-	-	-	62,500
Transaction costs attributable to issuance of new Shares	-	(9,844)	-	-	-	-	(9,844)
Issuance of Shares by capitalisation of share premium account	3,750	(3,750)	-	-	-	-	-
At 30 September 2017 (unaudited)	5,000	47,656	(19,229)	4,000	(11)	41,488	78,904
At 1 April 2018 (audited)	5,000	47,656	(19,229)	4,000	86	54,778	92,291
Profit for the period	-	-	-	-	-	11,229	11,229
Exchange differences arising on the translation of foreign operations	-	-	-	-	(140)	-	(140)
Profit and total comprehensive income for the period	-	-	-	-	(140)	11,229	11,089
Dividends paid	-	-	-	-	-	(7,500)	(7,500)
At 30 September 2018 (unaudited)	5,000	47,656	(19,229)	4,000	(54)	58,507	95,880

FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
OPERATING ACTIVITIES		
Cash (used in) generated from operations	(23,030)	6,852
Income tax paid	(851)	(256)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(23,881)	6,596
INVESTING ACTIVITIES		
Withdrawal (placement) of pledged bank deposits	1,414	(8,989)
Purchase of property, plant and equipment	(892)	(1,054)
Interest received	284	2
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	806	(10,041)
FINANCING ACTIVITIES		
Proceeds from borrowings	13,336	4,443
Dividends paid	(7,500)	–
Repayment of borrowings	(6,954)	(24,776)
Interest paid	(60)	(142)
Repayment of finance lease payable	(60)	(58)
Proceeds from issuance of new Shares	–	52,656
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(1,238)	32,123
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,313)	28,678
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	83,350	38,503
Effect of foreign exchange rate changes	(140)	52
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	58,897	67,233
REPRESENTED BY:		
Bank and cash balances	58,897	67,233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 November 2015 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is situated at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong.

The Company acts as an investment holding company. The Group is principally engaged in apparel supply chain management services selling knitwear apparel products to its customers. The immediate and ultimate holding company of the Company is Speed Development Co. Ltd ("**Speed Development**"), a company with limited liability incorporated in the British Virgin Islands ("**BVI**"). The ultimate controlling party of the Group is Mr. Chan Wing Kai ("**Mr. Chan**").

The condensed consolidated financial statements for the six months ended 30 September 2018 are presented in Hong Kong dollars ("**HK\$**"), which is different from the functional currency of the Group, United States dollars ("**US\$**"). The Directors consider that choosing HK\$ as the presentation currency best suits the needs of the shareholders of the Company and investors.

The shares of the Company (the "**Share(s)**") have been listed on GEM since 31 May 2017 (the "**Listing**" and the "**Listing Date**") by way of share offer (the "**Share Offer**") (stock code: 8183).

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 (the "**Interim Financial Statements**") have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by The Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the Interim Financial Statements include applicable disclosures required by the GEM Listing Rules. The Interim Financial Statements does not include all of the information and disclosures required in annual financial statements prepared in accordance with HKFRSs, which comprises all applicable individual HKFRSs and interpretations issued by HKICPA, and the Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2018.

The Interim Financial Statements have been prepared under the historical cost convention. The Interim Financial Statements are unaudited, but have been reviewed by the audit committee (the "**Audit Committee**") of the Company.

The preparation of the Interim Financial Statements requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management of the Company in applying the relevant accounting policies and the key sources of estimation uncertainty of the Group were the same as those that applied to its annual financial statements for the year ended 31 March 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

3. ADOPTION OF NEW AND REVISED HKFRSs

Save as the adoption of new and revised HKFRSs issued by HKICPA, which are effective for the Group's financial year beginning on 1 April 2018, the accounting policies applied in preparing the Interim Financial Statements are consistent with those of the annual financial statements of the Group for the year ended 31 March 2018, as disclosed in the Company's annual report for the year ended 31 March 2018. The Directors anticipate that the application of these new and revised HKFRSs will not materially impact on the Interim Financial Statements. The Group has not early adopted any new and revised HKFRSs that have been issued by HKICPA but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue was mainly derived from the sales of knitwear products such as pullovers, cardigans, vests and skirts with the provision of apparel supply chain management services to its customers. The Group's operations are mainly located in Hong Kong.

The following is an analysis of the Group's revenue by the geographical locations of the customers:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Japan	105,898	150,911	120,688	185,383
The United States of America	45,032	–	45,032	–
Europe	15,347	–	15,347	–
Hong Kong	10,875	3,571	12,823	5,911
Others (Note)	3,683	4,218	4,278	5,929
Total revenue	180,835	158,700	198,168	197,223

Note: Others comprise The People's Republic of China (the "PRC") excluding Hong Kong, Korea, Mexico, Dubai, South Africa and Australia.

Revenue from customers individually contributing over 10% of the Group's revenue of the corresponding periods are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Customer A	59,651	90,171	66,543	115,904
Customer B	66,165	–	66,165	–
Customer C	18,058	29,825	19,935	31,969

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

5. OTHER INCOME

The following table sets out the Group's other income:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Sample sales income	495	383	763	608
Bank interest income	127	–	284	2
Total other income	622	383	1,047	610

6. INCOME TAX EXPENSE

The Group's income tax expense analysis is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Hong Kong Profits Tax				
Current period	2,446	562	2,446	564
PRC Enterprise Income Tax ("EIT")				
Current period	66	32	71	40
Overprovision in prior year	–	(107)	–	(107)
	66	(75)	71	(67)
Deferred tax expense	–	73	–	73
Total income tax expense	2,512	560	2,517	570

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of a subsidiary established in the PRC, as determined in accordance with the relevant enterprise income tax law, implementation rules and notices in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

6. INCOME TAX EXPENSE (CONTINUED)

A subsidiary of the Company in Japan is subject to national corporate tax, local corporate tax, enterprise tax, local corporate special tax and local corporate inhabitants tax, which, in aggregate, resulted in effective statutory income tax rates of approximately 21.42% for the six months ended 30 September 2018.

No provision for Japan corporate income tax has been made as the subsidiary in Japan did not generate any assessable profits during the six months ended 30 September 2018.

7. DIVIDEND

The Board does not recommend any payment of dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil).

Dividends approved and paid during the six months ended 30 September 2018 is as follows:

	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend in respect of the year ended 31 March 2018, approved and paid to the shareholders of the Company during the six months ended 30 September 2018 of 1.5 HK cents per share (for the six months ended 30 September 2017: Nil)	7,500	–
Total dividends paid	7,500	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

8. PROFIT FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:				
Staff costs (including Directors' remuneration):				
Fees	90	90	180	121
Salaries and other benefits	5,784	5,737	11,589	11,740
Retirement benefit scheme contributions	228	232	449	450
Total employee benefits expenses	6,102	6,059	12,218	12,311
Interest expenses on				
Bank borrowings	42	21	52	131
Finance lease	4	5	8	11
	46	26	60	142
Auditor's remuneration	115	160	228	360
Depreciation of property, plant and equipment	251	248	486	462
Net foreign exchange losses	426	64	1,108	143
Cost of inventories recognized as cost of sales	146,816	136,077	161,346	169,309
Operating lease charges	443	307	891	615
Commission expenses (included in selling and distribution expenses)	2,450	853	2,568	1,045
Sample charges (included in selling and distribution expenses)	1,170	1,831	1,811	3,617

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

9. EARNINGS PER SHARE

The calculation of the basic earnings per Share is based on the following:

	Three months ended 30 September		Six months ended 30 September	
	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)
Earnings:				
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per Share	18,236	8,317	11,229	794
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Number of Shares:				
Weighted average number of ordinary Shares for the purpose of basic earnings per Share	500,000	500,000	500,000	459,016
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per Share for the period attributable to owners of the Company	3.65	1.66	2.25	0.17

No diluted earnings per Share is presented for the six months ended 30 September 2018 and 2017 as there were no potential dilutive ordinary Shares outstanding during the respective periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK\$0.9 million (for the six months ended 30 September 2017: approximately HK\$1.1 million).

11. TRADE AND BILLS RECEIVABLES

No allowance for bad and doubtful debt was provided for the six months ended 30 September 2018 and 2017 and no balance of provision for bad and doubtful debt had been recognised as at the end of each reporting period.

For long-term customers with good credit quality and payment history, the Group allows an average credit period from 30 to 90 days. For other customers, the Group demands for full settlement upon delivery of goods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

The following is an aging analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximate the revenue recognition dates:

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
1 – 30 days	67,202	7,865
31 – 60 days	28,078	917
61 – 90 days	292	332
Over 90 days	85	105
	95,657	9,219

12. PLEDGED BANK DEPOSITS

Pledged bank deposits of approximately HK\$14.5 million (as at 31 March 2018: approximately HK\$15.9 million) has been pledged to a bank to secure certain banking facilities granted to the Group.

13. TRADE AND OTHER PAYABLES

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Trade payables	79,818	22,855
Accruals and other payables	14,116	4,029
	93,934	26,884

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

13. TRADE AND OTHER PAYABLES (CONTINUED)

The credit period on purchase of goods is ranging from 30 to 45 days. The following is an aging analysis of the trade payables presented based on the invoice dates at the end of the reporting period:

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
1 – 30 days	43,336	6,760
31 – 60 days	36,308	14,872
61 – 90 days	32	180
Over 90 days	142	1,043
	79,818	22,855

14. SHARE CAPITAL

Details of share capital of the Company during the reporting period are as follows:

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2018 (audited) and at 30 September 2018 (unaudited)	1,000,000	10,000
Issued:		
At 1 April 2018 (audited) and at 30 September 2018 (unaudited)	500,000	5,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

15. OPERATING LEASES

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 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Within one year	944	1,597
In the second to fifth year inclusive	223	497
	1,167	2,094

Operating lease payments of approximately HK\$0.4 million (as at 31 March 2018: approximately HK\$1.0 million) represent rental expenses payable by the Group to a related entity controlled by Mr. Chan for its office premises.

16. RELATED PARTY DISCLOSURES

(a) Related party transactions

Name of related party	Nature of transaction	Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Firenze Apparel Limited ("Firenze Apparel")	Rental expenses (Note)	600	600

Note:

Firenze Apparel is wholly and beneficially owned by Mr. Chan who is the chairman and an executive Director of the Company. The Group and Firenze Apparel entered into a tenancy agreement leasing a property to the Group as its head office and the principal place of business in Hong Kong for a monthly rent of HK\$100,000.

(b) Securities and guarantees provided by related parties

As at 30 September 2018 and 31 March 2018, the Group's finance lease payable is guaranteed by the wife of Mr. Chan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

16. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of the key management personnel

	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	180	121
Salaries and other benefits	2,597	2,490
Retirement benefit scheme and contributions	45	45
Total	2,822	2,656

The remuneration of the key management personnel are determined having regard to the performance of the individuals.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is an apparel supply chain management services provider. Headquartered in Hong Kong, the Group principally sells knitwear products predominantly in the Japan market. The Group provides one-stop apparel supply chain management solutions for its customers ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services. The Group's customers are mainly owners or sourcing agents of apparel retail brands based in Japan, which their products are marketed and sold under their own brands. The Group does not possess its own labels. All the Group's knitwear products are manufactured in accordance with the specifications and requirements set out by the Group's customers in the sales orders, some designs of which are recommended or inspired by the Group. Since the Group does not own or operate any manufacturing operations, the Group will outsource the whole manufacturing process to third-party manufacturers with manufacturing operations located in the PRC and/or Thailand.

BUSINESS REVIEW

The Group recorded revenue of approximately HK\$198.2 million for the six months ended 30 September 2018, representing an increase of approximately 0.5% as compared to the amount of approximately HK\$197.2 million for the corresponding period last year. The Group's gross profit for the six months ended 30 September 2018 amounted to approximately HK\$36.8 million (for the six months ended 30 September 2017: approximately HK\$27.9 million). The increase in the Group's gross profit for the six months ended 30 September 2018 was mainly attributable to the revenue from a significant new customer (the "**New Customer**") with relatively higher gross profit margin than the existing customers which resulted the overall gross profit margin of the Group increased to approximately 18.6% for the six months ended 30 September 2018 from approximately 14.2% for the six months ended 30 September 2017. The Group's profit and total comprehensive income attributable to owners of the Company increased significantly from approximately HK\$0.8 million for the six months ended 30 September 2017 to approximately HK\$11.1 million for the six months ended 30 September 2018. Such significant increase was mainly attributable to (i) the increase in the Group's gross profit as aforementioned; and (ii) nil non-recurring listing expenses for the six months ended 30 September 2018 comparing to approximately HK\$2.0 million non-recurring listing expenses incurred for the six months ended 30 September 2017. Despite the continuing challenges of the global economies and the trading environment, the Group was able to strengthen and diversify its customers' base by securing the New Customer outside the Japan market. The revenue derived from the New Customer accounted for approximately 33.4% of the Group's total revenue for the six months ended 30 September 2018.

To cope with the challenging global business environment and to cater to its expansion plan, the Group held a grand opening of the showroom in Japan in late June 2018. By setting up a showroom, and an office for a design team and an account servicing team in Japan, the Group will be able to display and promote more sample products to customers and to respond to customers' demands in a more efficient and effective manner which in turn may create more business opportunities and further strengthen the corporate image to the existing and potential customers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2018, the Group expanded its products mix to include kidswear products in addition to the womenswear and menswear products. The Group's revenue was mainly derived from the sales of womenswear, which accounted for approximately 57.6% of the Group's total revenue. The following table sets out a breakdown of the Group's revenue by product categories for each of the reporting period:

	Six months ended 30 September				Percentage of change %
	2018		2017		
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%	
Womenswear	114,172	57.6	155,247	78.7	(26.5)
Menswear	42,408	21.4	41,976	21.3	1.0
Kidswear	41,588	21.0	-	-	-
Total revenue	198,168	100.0	197,223	100.0	0.5

During the six months ended 30 September 2018, the sales volume of the Group amounted to approximately 3.0 million pieces of finished knitwear products. Set out below are the total sales quantity of each product category for each of the reporting period:

	Six months ended 30 September				Percentage of change %
	2018		2017		
	Pieces '000 (unaudited)	%	Pieces '000 (unaudited)	%	
Womenswear	1,758	57.7	2,952	81.2	(40.4)
Menswear	638	20.9	683	18.8	(6.6)
Kidswear	651	21.4	-	-	-
Total sales quantity	3,047	100.0	3,635	100.0	(16.2)

MANAGEMENT DISCUSSION AND ANALYSIS

The selling price of each of the product categories depends primarily on, among other things, (i) the complexity of the product design; (ii) the size of an order; (iii) the delivery schedule set by customers; (iv) the costs of raw materials; and (v) the production costs as quoted by the third party manufacturers. Accordingly, the selling price of the Group's products may differ considerably in different purchase orders by different customers. Set out below are the average selling prices per piece of finished products sold by category for each of the reporting period:

	Six months ended 30 September		
	2018 Average selling price HK\$ (unaudited) (Note)	2017 Average selling price HK\$ (unaudited) (Note)	Percentage of change %
Womenswear	64.9	52.6	23.4
Menswear	66.5	61.5	8.1
Kidswear	63.9	–	–
Overall average selling price	65.0	54.3	19.7

Note: The average selling price represents the revenue for the period divided by the total sales quantity for the period.

The Group's revenue increased by approximately HK\$1.0 million, or 0.5%, from approximately HK\$197.2 million for the six months ended 30 September 2017 to approximately HK\$198.2 million for the six months ended 30 September 2018. The slight increase in revenue was primarily attributable to the substantial increase in sales volume of kidswear products coupled with the increase in average selling price of the womenswear products which mitigated the substantial decrease in sales volume of the womenswear products.

Womenswear

During the six months ended 30 September 2018, the Group's revenue was mainly derived from the sales of womenswear products. Revenue derived from the sales of womenswear products decreased significantly by approximately HK\$41.0 million or 26.5%, from approximately HK\$155.2 million for the six months ended 30 September 2017 to approximately HK\$114.2 million for the six months ended 30 September 2018. Such significant decrease was mainly attributable to the decrease in sales quantity from approximately 3.0 million pieces for six months ended 30 September 2017 to approximately 1.8 million pieces for the six months ended 30 September 2018, which outweighs the increase in average selling price from approximately HK\$52.6 for the six months ended 30 September 2017 to approximately HK\$64.9 for the six months ended 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Menswear

The Group's revenue derived from the sales of menswear products increased slightly by approximately HK\$0.4 million or 1.0%, from approximately HK\$42.0 million for the six months ended 30 September 2017 to approximately HK\$42.4 million for the six months ended 30 September 2018. Such slight increase was mainly attributable to the increase in average selling price from approximately HK\$61.5 for the six months ended 30 September 2017 to approximately HK\$66.5 for the six months ended 30 September 2018, which outweighs the slight decrease in sales volume of menswear from approximately 0.7 million pieces for the six months ended 30 September 2017 to approximately 0.6 million pieces for the six months ended 30 September 2018.

Kidswear

During the six months ended 30 September 2018, the Group further expanded its product variety to include kidswear products. The revenue derived from the kidswear products amounted to approximately HK\$41.6 million and accounted for approximately 21.0% of the total revenue of the Group for the six months ended 30 September 2018.

Cost of sales

The Group's cost of sales primarily consists of subcontracting charges, raw materials and consumables used, inspection fees and other processing charges. The cost of sales decreased to approximately HK\$161.3 million for the six months ended 30 September 2018 from approximately HK\$169.3 million for the six months ended 30 September 2017, representing a decrease of approximately 4.7%.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$36.8 million for the six months ended 30 September 2018 from approximately HK\$27.9 million for the six months ended 30 September 2017, representing an increase of approximately 31.9%. The increase was mainly attributable to the expansion of our customer mix as the Group solicited the New Customer whose revenue accounted for approximately 33.4% of the Group's total revenue for the six months ended 30 September 2018, and the revenue derived from the New Customer have a relatively higher gross profit margin than the existing customers which in turn significantly improved the Group's overall gross profit margin. The Group's gross profit margin increased to approximately 18.6% for the six months ended 30 September 2018 from approximately 14.2% for the six months ended 30 September 2017. Such increase in the Group's gross profit margin was mainly attributable to the decrease in purchase orders of knitwear products with lower gross profit margins from existing major customers and the expansion of our customer mix as aforementioned. During the six months ended 30 September 2018, the Group endeavoured to improve its gross profit margin whilst offering satisfactory supply chain management total solutions to its customers.

Other income

Other income mainly consists of sample sales income and bank interest income. The Group's other income increased to approximately HK\$1.0 million for the six months ended 30 September 2018 from approximately HK\$0.6 million for the six months ended 30 September 2017. Such increase in the Group's other income was mainly attributable to the increase in both the sample sales income and the bank interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

Other loss

The Group recorded other loss amounting to approximately HK\$1.1 million for the six months ended 30 September 2018 from approximately HK\$0.1 million for the six months ended 30 September 2017. The increase in other loss was mainly due to the foreign exchange loss arising from the foreign currency fluctuations in respect of the Group's pledged bank deposits denominated in Renminbi ("RMB") primarily due to the depreciation of RMB during the reporting period.

Selling and distribution expenses

Selling and distribution expenses primarily consist of advertising expenses, commission expenses, logistic expenses, sample costs and staff costs and benefits of merchandising staff. Selling and distribution expenses decreased to approximately HK\$11.7 million for the six months ended 30 September 2018 from approximately HK\$13.0 million for the six months ended 30 September 2017, representing a decrease of approximately 10.0%. Such a decrease was mainly attributable to a decrease in (i) logistic expenses; (ii) sample costs; and (iii) staff costs and benefits of merchandising staff, which in aggregate outweighs an increase in advertising and commission expenses.

Administrative expenses

Administrative expenses primarily consist of audit fees, bank charges, depreciation, Directors' emoluments, entertainment, legal and professional fees, office expenses, overseas and local travelling, rent and rates and staff costs and benefits of general and administrative staff. Administrative expenses decreased to approximately HK\$11.3 million for the six months ended 30 September 2018 from approximately HK\$11.9 million for the six months ended 30 September 2017, representing a decrease of approximately 5.0%. Such decrease was mainly attributable to the decrease in (i) bank charges; and (ii) overseas and local travelling incurred for the six months ended 30 September 2018.

Listing expenses

There was nil non-recurring listing expenses recognised for the six months ended 30 September 2018 whilst there was approximately HK\$2.0 million of non-recurring listing expenses recognised for the six months ended 30 September 2017.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company amounted to approximately HK\$11.1 million for the six months ended 30 September 2018, representing approximately 13.9 times of approximately HK\$0.8 million for the six months ended 30 September 2017. If the non-recurring listing expenses of approximately HK\$2.0 million for the six months ended 30 September 2017 were excluded, the Group's adjusted profit and total comprehensive income attributable to owners of the Company for the six months ended 30 September 2018 would have been approximately 4.0 times of the adjusted profit and total comprehensive income attributable to owners of the Company for the six months ended 30 September 2017 of approximately HK\$2.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BASIC EARNINGS PER SHARE

The Company's basic earnings per Share for the six months ended 30 September 2018 was approximately 2.3 HK cents, representing approximately 11.5 times of the basic earnings per Share of approximately 0.2 HK cents for the six months ended 30 September 2017. The increase in the Company's basic earnings per Share for the six months ended 30 September 2018 was in line with the profit attributable to the owners of the Company for the six months ended 30 September 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2018, the Group's operations were generally financed through an internally generated cash flows, borrowings from banks and proceeds raised from the Share Offer. 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 30 September 2018 and 31 March 2018, the Group had net current assets of approximately HK\$94.0 million and HK\$90.9 million respectively, including bank and cash balances of approximately HK\$58.9 million and HK\$83.4 million, respectively. The Group's current ratio decreased from approximately 4.3 as at 31 March 2018 to approximately 1.9 as at 30 September 2018. Such decrease was mainly as a result of an increase in bank borrowings and a decrease in bank and cash balances during the six months ended 30 September 2018.

Gearing ratio is calculated based on the total loans and borrowings (including bank borrowings due within one year and finance lease payable) divided by total equity at the respective reporting date. As at 30 September 2018, the Group's gearing ratio was approximately 0.1 times, while it was nil as at 31 March 2018. Such increase was mainly due to the increase in bank borrowings during the six months ended 30 September 2018. The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank and cash balances, banking facilities, the Group has sufficient liquidity to satisfy its funding requirements.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's credit risk is primarily attributable to its trade and bills receivables. In order to minimise its credit risk, the management of the Group has delegated a team to perform ongoing credit evaluation of the financial conditions of the customers including but not limited to the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and reduce the Group's exposure to credit risk. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

MANAGEMENT DISCUSSION AND ANALYSIS

In management of the liquidity risk, the Board closely monitors and maintains levels of cash and cash equivalents deemed adequate by our management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

CAPITAL STRUCTURE

The share capital of the Company only comprises ordinary Shares. As at 30 September 2018, the Company's issued share capital amounted to HK\$5.0 million divided by 500,000,000 Shares of HK\$0.01 each.

SIGNIFICANT INVESTMENTS

As at 30 September 2018 and 31 March 2018, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus of the Company dated 16 May 2017 (the "Prospectus"), the Group currently has no other plan for material investments and capital assets.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2018, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

PLEDGE OF ASSETS

The following assets were pledged to banks to secure certain banking facilities granted to the Group:

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Pledged bank deposits	14,450	15,864
	14,450	15,864

COMMITMENTS

The Group's contractual commitments were primarily related to the leases of its office premises in Hong Kong, Japan and the PRC, respectively. As at 30 September 2018 and 31 March 2018, the Group's operating lease commitments amounted to approximately HK\$1.2 million and HK\$2.1 million, respectively. As at 30 September 2018, the Group did not have any significant capital commitments (as at 31 March 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018 (as at 31 March 2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Certain trade and bills receivables, other receivables, pledged bank deposits, bank and cash balances, and trade and other payables are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk. Although the Group's revenue and major expenses are predominantly in US\$, which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed a total of 67 full-time employees (as at 30 September 2017: 76). The Group's staff costs primarily consist of Directors' emoluments, salaries, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2018 and 2017, the Group's total staff costs (including Directors' emoluments) amounted to approximately HK\$12.2 million and HK\$12.3 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification(s), experience, position and seniority of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance to attract and retain employees that contributed to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

The remuneration committee will review and determine the remuneration and compensation packages of the Directors and senior management regularly with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. Share options may also be granted to the Directors and senior management under the share option scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business objectives as stated in the Prospectus with the Group's actual business progress up to 30 September 2018:

Business objectives up to 30 September 2018 as stated in the Prospectus

Actual business progress up to 30 September 2018

Strengthening and diversifying the Group's customer base	<ul style="list-style-type: none">the Group arranged sales visits and co-organised private exhibitions in Japan and the PRC, respectively; andthe respective merchandising team, and design and promotion team visited and arranged presentations to the existing and potential customers. There were three new customers and twelve new brands solicited during the reporting period.
Further expanding the Group's product variety to cater for the customers' need	<ul style="list-style-type: none">developed and created promotion samples of cut-and-sewn knitwear and seamless knitwear for presentation to existing and potential customers as planned; andthe Group commenced to receive sales orders of new product namely seamless knitwear from the existing customers and the revenue of approximately HK\$1.0 million derived from seamless knitwear was recorded during the reporting period.
Enhancing the Group's design and development capabilities	<ul style="list-style-type: none">the Group incorporated a subsidiary in Japan to set up a showroom and an office for a design team and an account servicing team. By setting up a showroom in Japan, the Group will be able to display and promote more sample products to existing customers and to facilitate the demands from the local customers more efficiently which in turn may create more business opportunities and further strengthen the corporate image of the Group to the customers;the Group acquired a colour matching machine, and as a result, the quality control of our products were enhanced;

MANAGEMENT DISCUSSION AND ANALYSIS

Business objectives up to 30 September 2018 as stated in the Prospectus

Enhancing the Group's inventory management to strengthen operational efficiency

Actual business progress up to 30 September 2018

- sponsored designers and relevant staff (i) to attend trade fairs and fashion shows such as Spinexpo in Shanghai, the PRC; and (ii) to participate in on-line training to keep abreast of global trends of apparel industry; and
- certain designers' computer equipment and software were upgraded.
- purchased and maintained inventories levels of raw materials as planned; and
- the Group is in the process of identifying an inventory management system.

USE OF PROCEEDS

The Shares were successfully listed on GEM of the Stock Exchange on the Listing Date. The Group raised the net proceeds (the "**Net Proceeds**") from the Share Offer of approximately HK\$35.9 million after deducting all the relevant commission and expenses in relation to the Listing which was lower than the estimated amount as stated in the Prospectus. The Net Proceeds is intended to be used in accordance with the proposed implementation plans as disclosed under the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus for the period from the Listing Date to 31 March 2020. Consequently, the Group adjusted and applied the Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth an analysis of the utilisation of Net Proceeds during the six months ended 30 September 2018:

	Adjusted planned use of Net Proceeds as stated in the Prospectus up to 30 September 2018	Actual use of Net Proceeds up to 30 September 2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
Strengthening and diversifying the Group's customers base	2.3	2.3
Further expanding the Group's product mix to cater to the customers' need	4.1	3.8
Enhancing the Group's design and development capabilities	4.4	3.8
Enhancing the Group's inventory management to strengthen operational efficiency	6.9	6.5
	17.7	16.4

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of the Net Proceeds was applied in accordance with the actual development of the Group's business and the market it is operating in.

As at 30 September 2018, approximately HK\$16.4 million out of the Net Proceeds from the Share Offer had been used. The unutilised Net Proceeds are deposited in licensed banks in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

The Group has set up a new merchandising team and recruited merchandisers and a new designer responsible for the development of the Group's product variety. The Group will continue to develop and create more promotion samples for further expansion of the Group's product variety to cater to the existing and potential customers' needs.

Furthermore, by setting up a showroom, and an office for a design team and an account servicing team in Japan, the Group will be able to display and promote more sample products to customers and to respond to customers' demands in a more efficient and effective manner which in turn may create more business opportunities and further strengthen our corporate image to the existing and potential customers. In view of the foregoing, the Directors believe that the Group will be able to continuously attract and solicit new customers as well as new fashion brands including but not limited to the Japan market which in turn will drive to the business growth of the Group in long run.

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

OTHER INFORMATION

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

As at 30 September 2018, the interests or short positions of each of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions 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; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules are as follows:

Name of Director	Nature of interest/ holding capacity	Number of ordinary Shares held	Percentage of issued share capital of the Company <small>(Note 1)</small>
Mr. Chan	Interest of a controlled corporation	375,000,000 (L) <small>(Notes 2, 3)</small>	75%

Notes:

- As at 30 September 2018, the Company's issued ordinary share capital was HK\$5,000,000 divided into 500,000,000 Shares of HK\$0.01 each.
- Speed Development is a company incorporated in the BVI on 12 November 2015 which acts as an investment holding company, is wholly and beneficially owned by Mr. Chan who is the chairman and an executive Director of the Company. Therefore, Mr. Chan is deemed to be interested in the 375,000,000 Shares held by Speed Development by virtue of his 100% shareholding interest in Speed Development.
- The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, none of the Directors or chief executive of the Company had any other interest or a short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2018, 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 or debentures of the Company were recorded in the register of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholders	Nature of interest/holding capacity	Number of ordinary Shares held	Percentage of interests in the issued share capital of the Company <small>(Note 1)</small>
Speed Development	Beneficial owner	375,000,000 (L) <small>(Notes 2, 3)</small>	75%
Ms. Cheung Hung ("Ms. Cheung")	Spouse interest	375,000,000 (L) <small>(Note 4)</small>	75%

Notes:

1. As at 30 September 2018, the Company's issued ordinary share capital was HK\$5,000,000 divided into 500,000,000 Shares of HK\$0.01 each.
2. Speed Development is wholly and beneficially owned by Mr. Chan who is the chairman and an executive Director of the Company. Therefore, Mr. Chan is deemed to be interested in the 375,000,000 Shares held by Speed Development by virtue of his 100% shareholding interest in Speed Development.
3. The letter "L" denotes the person's long position in the Shares.
4. Ms. Cheung is the spouse of Mr. Chan. She is deemed to be interested in the Shares in which Mr. Chan is interested under Part XV of the SFO.

Save as disclosed above, the Directors are not aware of any interests and short positions owned by any other parties, other than a Director or the chief executives of the Company who held interest or short position in the Shares and underlying Shares or debentures of the Company which required to be recorded under the provision of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors confirmed that the Directors, the controlling shareholder and the substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) do not have any business or interest 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 during the reporting period.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return for the benefits of the Company's stakeholders as a whole.

The Board has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standards, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

During the reporting period, the Group has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.2.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. Mr. Chan is the chairman of the Board and the chief executive officer of the Company and he has been managing the Group's business and supervising the overall operations of the Group since 2001. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Chan is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors for the six months ended 30 September 2018.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Messis Capital Limited ("**Messis**") to be the compliance adviser. As informed by Messis, neither Messis nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Messis dated 15 May 2017.

OTHER INFORMATION

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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 September 2018 which would materially affect the Group's operations and financial performance.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the Company's financial information, overseeing the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the scope of audit and making recommendation to the Board on the appointment of external auditors.

The Audit Committee currently consists of three members, namely Mr. Kwok Chi Shing (the Chairman of the Audit Committee), Ms. Chan Siu Lai and Mr. Ma Kwok Fai, Edwin, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 September 2018 before recommending it to the Board for approval.

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

Hong Kong, 7 November 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wing Kai
(Chairman and chief executive officer)
Mr. Ng Ming Ho

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. Wu Yu Lim, Winnie

COMPLIANCE OFFICER

Mr. Chan Wing Kai

AUTHORISED REPRESENTATIVES

Mr. Chan Wing Kai
Mr. Ng Ming Ho

AUDIT COMMITTEE

Mr. Kwok Chi Shing
(Chairman of Audit Committee)
Ms. Chan Siu Lai
Mr. Ma Kwok Fai, Edwin

REMUNERATION COMMITTEE

Ms. Chan Siu Lai
(Chairlady of Remuneration Committee)
Mr. Kwok Chi Shing
Mr. Ma Kwok Fai, Edwin

NOMINATION COMMITTEE

Mr. Ma Kwok Fai, Edwin
(Chairman of Nomination Committee)
Ms. Chan Siu Lai
Mr. Kwok Chi Shing

AUDITOR

Zhonghui Anda CPA Limited

REGISTERED OFFICE

Cricket Square
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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPLIANCE ADVISER

Messis Capital Limited

LEGAL ADVISERS AS TO HONG KONG LAW

Loeb & Loeb LLP

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited

COMPANY'S WEBSITE

www.speedapparel.com.hk

STOCK CODE

8183