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
2019

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Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Kwok Hung Wilson
(Chairman and chief executive officer)
Ms. Tam Shuk Fan
Ms. Lee Yin Mei *(re-designated from Independent Non-Executive Director to Executive Director on 8 August 2018)*

Independent Non-Executive Directors

Ms. Cheung Wai Man
Mr. Lau Yau Chuen Louis
Mr. Lee Kwun Ting *(appointed on 8 August 2018)*

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
Mr. Lee Kwun Ting *(appointed on 8 August 2018)*

REMUNERATION COMMITTEE

Mr. Lee Kwun Ting *(Chairman) (appointed on 8 August 2018)*
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
Mr. Lee Kwun Ting *(appointed on 8 August 2018)*

COMPLIANCE ADVISER

Messis Capital Limited

LEGAL ADVISERS

JNJ Partners LLP

AUDITORS

HLB Hodgson Impey Cheng Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Unit 212-215, 2/F., Elite Industrial Centre
No. 883 Cheung Sha Wan Road
Lai Chi Kok
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

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

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**"), it is my pleasure to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019.

LISTING

The Company successfully listed its shares (the "**Shares**") on GEM (the "**Listing**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 April 2018 by way of share offer (the "**Share Offer**"). The net proceeds (the "**Net Proceeds**") from the 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.

PERFORMANCE

In the financial year ended 31 March 2019 (the "**Year**" or "**FY2019**"), the global trade situation was clouded by the trade dispute between the United States of America (the "**U.S.**") and the People's Republic of China (the "**PRC**"), which presented major challenges to our apparel supply chain management ("**SCM**") services in the latter 2018. Nonetheless, the Group recorded an increase in volume of sales in the total amount of 1,052,546 units (FY2018: 942,989 units) and the revenue was approximately HK$121.2 million, which was close to the respective figures in the financial year ended 31 March 2018 (the "**Previous Year**" or "**FY2018**"). The Group's gross profit decreased from HK$28.8 million for the Previous Year to HK$20.4 million for this Year; whereas, the Group's loss/profit attributable to the owners of the Company turned from a profit of HK$2.7 million for the Previous Year to a loss of HK$13.5 million for this Year.

BUSINESS DEVELOPMENT

During the Year, the Group set up a representative office in the U.S., which we believe will strengthen the customer relationships and enhance our market presence. Furthermore, the Group established a quality control office in the city of Ningbo in the Zhejiang Province, the PRC in order to closely monitor the product quality as per customer's expectation.

PROSPECTS

Looking ahead, we believe the PRC-U.S. trade dispute is unlikely to be resolved shortly, so the global trade conditions will remain unstable and create obstacles for our SCM services. To ensure the sustainable development of our business, the Group will continue to explore opportunities to diversify the Group's manufacturing bases in various countries, such as Cambodia and Vietnam etc., in order to satisfy those customers who need production outside of the PRC, in particular the U.S.-based customers. In addition, the Group is now considering to explore the opportunities to diversify its business operations with an aim to enhance its corporate value and boost shareholders' return. As at the date of this annual report, no formal agreement is signed.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the valuable contribution from our management team and all our staff for their dedication and hard work in the Year. Last but not least, I wish to thank all shareholders, customers, suppliers, business partners and bankers for their continuous support and confidence in the Group.

Mr. Leung Kwok Hung Wilson
Chairman and Chief Executive Officer
27 June 2019

INTRODUCTION

The Group is an apparel supply chain management services provider and its services range from product development, sourcing and procurement of raw materials, production management and quality control to logistics arrangement. The Group's major customers comprise of apparel retail brands based predominately in the U.S. and Europe, the products of which are marketed and sold under their own brands. The styles and functions of the products for the Group's 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 proposes suggestions to the Group's customers regarding design and specification such as choices 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 our trading company suppliers, which are located in the PRC and Cambodia.

BUSINESS REVIEW

During the Year, the Group recorded a revenue of approximately HK$121.2 million, which was close to the revenue for the Previous Year. The gross profit margin decreased to 16.9% for the Year as compared to 23.8% for the Previous Year. The significant decline in the gross profit margin was mainly due to (i) the Group's U.S. customers changed to a conservative procurement attitude because of their growing concern over the current status of the trade dispute between the PRC and the U.S., (ii) the weakening demand of the Group's French customers, which had led to a decrease in sales and (iii) the decrease in average selling prices of three major products (i.e. jackets, woven shirts and pullover) of the Group. Moreover, the Group's administrative expenses increased significantly in the Year as compared to the Previous Year. As a result, the Group's total comprehensive loss attributable to owners of the Company amounted to approximately HK$13.5 million for the Year, whereas there was a total comprehensive income attributable to owners of the Company of approximately HK$2.7 million for the Previous Year.

On 16 April 2018, the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commission and expenses in connection with the Share Offer, the Net Proceeds were approximately HK$31.0 million. During the period from 16 April 2018 (the "**Listing Date**") to 31 March 2019, approximately HK$7.3 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 March 2018 in relation to the Share Offer (the "**Prospectus**"). Further details are set out in the section headed "Use of Proceeds" in this annual report.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly derived from the sales of our key apparel products, such as jackets, woven shirts, pullovers, pants, shorts, T-shirts and other products, including dress, vests and accessories, such as socks and bags, through the provision of apparel SCM services to our customers. For the Year, the Group recorded a revenue of approximately HK$121.2 million, which was close to the revenue for the Previous Year.

The following table sets out a breakdown of the Group's revenue by product categories for each of the years ended 31 March 2018 and 2019:

	For the year ended 31 March			
	2019		2018	
	HK$'000	**%**	HK$'000	%
Jackets	**66,234**	**54.7**	74,807	61.7
Woven shirts	**15,869**	**13.1**	13,191	10.9
Pullover	**15,633**	**12.9**	7,103	5.9
Pants and shorts	**16,138**	**13.3**	15,411	12.7
T-shirts	**2,853**	**2.4**	8,054	6.7
Other products (Note)	**4,429**	**3.6**	2,584	2.1
	121,156	**100.0**	121,150	100.0

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

During the Year, the sales volume of the Group amounted to 1,052,546 units of finished products. Set out below are the total sales quantities of each product category for each of the years ended 31 March 2018 and 2019:

	For the year ended 31 March			
	2019		2018	
	Unit sold	**%**	Unit sold	%
Jackets	**403,415**	**38.3**	437,163	46.4
Woven shirts	**124,933**	**11.9**	99,110	10.5
Pullover	**274,655**	**26.1**	63,180	6.7
Pants and shorts	**163,848**	**15.6**	151,914	16.1
T-shirts	**51,709**	**4.9**	169,562	18.0
Other products (Note)	**33,986**	**3.2**	22,060	2.3
	1,052,546	**100.0**	942,989	100.0

Note: Other products include, for example, dress, 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 years ended 31 March 2018 and 2019:

	For the year ended 31 March		
	2019 Average selling price (Note) HK$	2018 Average selling price (Note) HK$	Rate of change %
Jackets	**164.2**	171.1	(4.0)
Woven shirts	**127.0**	133.1	(4.6)
Pullover	**56.9**	112.4	(49.4)
Pants and shorts	**98.5**	101.5	(3.0)
T-shirts	**55.2**	47.5	16.2
Other products	**130.3**	117.1	11.3
Overall	**115.1**	128.6	(10.5)

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$100.7 million for the Year from approximately HK$92.3 million for the Previous Year, representing an increase of approximately 9.1%. Such increase was in line with the increase in the total sales volume.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$8.4 million from approximately HK$28.8 million for the Previous Year to approximately HK$20.4 million for the Year. The gross profit margin decreased to approximately 16.9% for the Year from approximately 23.8% for the Previous Year. The decreases in gross profit and gross profit margin of the Group were mainly due to (i) the Group's U.S. customers changed to a conservative procurement attitude because of their growing concern over the current status of the trade dispute between the PRC and the U.S.; (ii) the weakening demand of the Group's French customer, which had led to a decrease in sales; and (iii) the decrease in average selling prices of three major products (i.e. jackets, woven shirts and pullover) of the Group.

Other income

Other income mainly consists of (i) bank interest income and (ii) sundry income. The Group's other income decreased by approximately 62.5% from approximately HK$0.8 million for the Previous Year to approximately HK$0.3 million for the Year. The decrease was mainly attributable to the decrease in trade claim and sundry income.

Other gains

Other gains consist of (i) net foreign exchange gain; (ii) reversal of impairment loss recognised in respect of trade receivables and (iii) impairment loss recognised in respect of trade receivables. The Group recorded other gains of approximately HK$0.1 million for the Year as compared with other gains of approximately HK$0.6 million for the Previous Year. The decrease in other gains was mainly attributable to the impairment loss recognised in respect of trade receivables as a more prudent approach was adopted by the management.

Selling and distribution expenses

Selling and distribution expenses mainly consist of (i) overseas travelling and (ii) salaries and mandatory provident fund for merchandising staff. Selling and distribution expenses increased by approximately 51.6% from approximately HK$4.3 million for Previous Year to approximately HK$6.5 million for the Year. The net increase in the Group's selling and distribution expenses was mainly attributable to the annual salary increment and increase in merchandising headcounts in line with the Group's business expansion and revenue growth.

Administrative expenses

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

Administrative expenses increased to approximately HK$20.9 million for the Year from approximately HK$8.2 million for the Previous Year, representing an increase of approximately 153.2%. Such increase was mainly attributable to the recurrence of legal and professional fee after the Listing and salary increment for administrative staff and Directors.

Listing expenses

The Group recognised non-recurring listing expenses of approximately HK$6.1 million for the Year, while there was approximately HK$11.5 million listing expenses recognised for the Previous Year.

Finance costs

The Group's finance costs decreased by approximately HK$0.1 million, or approximately 21.0%, from approximately HK$0.7 million for the Previous Year to approximately HK$0.6 million for the Year. The decrease was due to regular repayments of the principal of bank loans throughout the Year; hence, the interest expenses charged throughout the Year continued to decrease.

Income tax expenses

Income tax expenses of the Group decreased by approximately 91.4% from approximately HK$2.8 million for the Previous Year to approximately HK$0.2 million for the Year. The decrease was mainly attributable to (i) the decrease In gross profit and (ii) the increase in administrative expenses as discussed above.

(Loss)/profit attributable to owners of the Company

For the Year, the Group recorded a loss attributable to owners of the Company of HK$13.5 million, representing a decline of HK$16.2 million, as compared with the profit attributable to owners of the Company of HK$2.7 million for the Previous Year. Such decline was mainly attributable to the net effect of (i) the decrease in gross profit and (ii) the increase in administrative expenses as discussed above.

DIVIDEND

The Directors do not recommend the payment of final dividend for the Year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Year, the Group's operations were generally financed through internally generated cash flows, borrowings from banks and the Net Proceeds. As at 31 March 2019 and 2018, the Group had net current assets of approximately HK$41.0 million and HK$13.6 million respectively, including cash and bank balances of approximately HK$39.5 million and HK$6.5 million respectively. The Group's current ratio increased from approximately 1.7 times as at 31 March 2018 to approximately 2.3 times as at 31 March 2019. Such an increase was mainly attributable to the increase in bank balances and cash from net proceeds from the Share Offer during the Year.

Gearing ratio is calculated based on the borrowings divided by total equity at the respective reporting date. As at 31 March 2019 and 2018, the Group's gearing ratio were maintained at approximately 23.9% and 42.1%, respectively. The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. Taking into consideration its available bank balances and cash and banking credit facilities, the Group has sufficient liquidity to satisfy its funding requirement.

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 performing 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 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 Company only comprises ordinary Shares.

As at 31 March 2019, the Company's issued share capital was HK$4.0 million and the number of issued ordinary shares was 400,000,000 of HK$0.01 each.

Details of changes in the Company's share capital for the Year are set out in note 29 to the consolidated financial statements in this annual report.

PLEDGE OF ASSETS

During the Year, buildings of the Group with a carrying value of approximately HK$6.8 million (31 March 2018: approximately HK$7.0 million) have been pledged to secure bank loans obtained by the Group. Save as disclosed, the Group did not have any charges on its assets.

SIGNIFICANT INVESTMENTS

As at both 31 March 2019 and 2018, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Year, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group currently has no other 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 of the Year and the Previous Year, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the rented premises which fall due as follows:

	As at 31 March	
	2019 **HK$'000**	2018 HK$'000
Within one year	**1,275**	906
In the second to fifth year inclusive	**275**	906
	1,550	1,812

Operating lease payments represent rental expenses payable by the Group to related entities controlled by Mr. Leung Kwok Hung Wilson and Ms. Tam Shuk Fan as set forth in note 32 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 2019, save as disclosed, the Group did not have any significant capital commitments (31 March 2018: Nil).

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities both as at 31 March 2019 and 2018.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with a 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 the HK$ is pegged against the US$.

The transactions and monetary assets denominated in RMB and Pound Sterling ("**GBP**") are minimal, the Group considers that there is 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 2019, the Group employed a total of 48 full-time employees (31 March 2018: 33). The Group's staff costs mainly included Directors' emoluments, salaries, other staff benefits and contributions to retirement schemes. For the Year and the Previous Year, the Group's total staff costs (including Directors' emoluments) amounted to approximately HK$15.3 million and HK$7.5 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification, experience, position and seniority of the individual employee.

The remuneration committee will also review and determine the remuneration and compensation packages of the Directors 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.

		For the year ended 31 March	
	Notes	**2019**	2018
Revenue		**HK$121,156,000**	HK$121,150,000
Gross profit		**HK$20,430,000**	HK$28,817,000
(Loss)/profit for the year attributable to owners of the Company		**HK$(13,458,000)**	HK$2,741,000
Adjusted net (loss)/profit for the year	1	**HK$(7,309,000)**	HK$14,221,000
Gross profit margin		**16.9%**	23.8%
Net profit margin		**(11.1)%**	2.3%
Adjusted net profit margin for the year	2	**(6.0)%**	11.7%
Return on total assets		**(15.6)%**	7.0%
Return on equity		**(25.4)%**	13.3%
Current ratio		**2.3 times**	1.7 times
Quick ratio		**2.1 times**	1.7 times

Notes:

1. Adjusted net (loss)/profit for the year represents our (loss)/profit for the year excluding Listing expenses. Adjusted net (loss)/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 limitation as an analytical tool, and should not be considered it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.
2. 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%.

USE OF PROCEEDS

Based on the offer price of HK$0.58 per share, the Net Proceeds from the Share Offer, after deducting Listing related expenses, amounted to approximately HK$31.0 million. The Group has utilised and will utilise such Net Proceeds from the Share Offer for the purposes set out in the section headed "Business Objectives and Future Plans" in the Prospectus. As at 31 March 2019, the Group's planned and actual utilisation of the Net Proceeds is set out below:

	Planned use of Net Proceeds as stated in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds) HK$'000	Planned use of Net Proceeds as stated in the Prospectus up to 31 March 2019 (adjusted on a pro rata basis based on the actual net proceeds) HK$'000	Actual use of Net Proceeds up to 31 March 2019 HK$'000	Unutilised Net proceeds as at 31 March 2019 HK$'000 (Note)
Setting up representative offices in the U.S. and France	20,257	9,120	853	8,267
Establishing a quality control office in the PRC	4,679	2,152	410	1,742
Repaying bank borrowings	4,144	4,144	4,144	–
General working capital	1,900	1,900	1,900	–
	30,980	17,316	7,307	10,009

Note: The unutilised Net Proceeds are deposited in a licensed bank in Hong Kong.

The PRC-US trade dispute has caused a high level of uncertainty to the global trade condition in the past few months. Since the Group believes such trade dispute is unlikely to be resolved shortly and may have a material and adverse effect on the Group's business. As such, the Group has decided to take a cautious and conservative approach in applying the proceeds for the business development plans as stated in the Prospectus. To ensure the effectiveness in the application of the remaining proceeds, the Group will continue to closely monitor the changing results of its operations in the US and other regions and may adjust the timing and extent in the proceeds application if appropriate.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following set out a comparison of the business objectives as stated in the Prospectus with the Group's actual business progress up to 31 March 2019:

Objectives	Implementation plans as set out in the Prospectus for the period from the Listing Date to 31 March 2019	Actual business progress for the period from the Listing Date to 31 March 2019
Setting up representative offices in the U.S. and France	– setting up and leasing a representative office in Los Angeles, the U.S.	– a representative office in Los Angeles, the U.S. was set up and leased in August 2018
	– recruiting one manager, four sales executives and two supporting clerks for operating our representative office in the U.S.	– the Group re-designated one of the independent non-executive Directors to an executive Director for operating our representative office in the U.S.
	– arranging our sales executives to visit and set up exhibition booths in trade shows and sourcing shows in the U.S.	– the executive Director visited the trade shows and sourcing shows in the U.S.
	– setting up and leasing a representative office in Paris, France	– the Group is in the process of setting up and leasing a representative office in France
	– recruiting one manager, four sales executives and two supporting clerks for operating our representative office in France	– the Group is negotiating the employment terms with one design and sales executive
	– arranging our sales executives to visit and set up exhibition booths in trade shows in Europe	– the Group will arrange sales executives to visit the trade shows in Europe in 2019
Establishing a quality control office in the PRC	– setting up and leasing a quality control office in the city of Ningbo of Zhejiang Province, the PRC	– the Group leased a premises located in Ningbo of Zhejiang Province, the PRC in August 2018
	– recruiting one quality control supervisor, four additional quality control staff and six additional merchandisers	– the Group promoted an existing quality control staff to manager for monitoring the daily operations in Ningbo; and employed three quality control staff and four additional merchandisers

FUTURE PROSPECTS

The Company successfully listed its Shares 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.

During the Year, the Group set up a representative office in the U.S., which the Group believes would respond to customers' demands in a more efficient and effective manner, which in turn may create more business opportunities. Furthermore, the Group established a quality control office in the city of Ningbo in the Zhejiang Province, the PRC in order to closely monitor the product quality as per customer's expectation.

Looking forward, the Group expects great challenges to the Group's revenue and gross profit from the PRC-U.S. trade dispute and the Directors will continue to explore opportunities to diversify the Group's operations so that our customer base could be further strengthened and diversified. Furthermore, in view of the business risks and market uncertainties, the Directors will continue to review and evaluate the business objectives and strategies and execute them in a timely manner.

EXECUTIVE DIRECTORS

Mr. Leung Kwok Hung Wilson (梁國雄, "Mr. Leung"), aged 50, 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 is also a director of certain subsidiaries of the Group. 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 cofounded Majestic City Limited in 2001 and Majestic City International Limited 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 an Acting Inspector of the Hong Kong Auxiliary Police Force.

Mr. Leung is the husband of Ms. Tam Shuk Fan, the executive Director of the Company.

Ms. Tam Shuk Fan (譚淑芬, "Ms. Tam"), aged 48, was appointed as a Director on 20 June 2017 and was re-designated as an executive Director on 26 September 2017. Ms. Tam is responsible for overseeing the management and administration of the Group's business operations. Ms. Tam is also a director of certain subsidiaries of the Group. 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, the chairman and an executive Director of the Company.

Ms. Lee Yin Mei (李燕薇, "Ms. Lee"), aged 47, is currently an executive Director of the Group. Ms. Lee was appointed as an independent non-executive Director on 20 March 2018 and re-designated as an executive Director which came into effect on 8 August 2018. Ms. Lee is responsible for overseeing the management and administration of business development in the U.S.. Ms. Lee has over 28 years of experience in supply chain management of apparel and related products in Hong Kong and the U.S.. Ms. Lee is also a director of a subsidiary of the Group, Majestic City (UNI) Corporation.

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. Since August 2016, she has been employed as finance planning and analysis manager at Fox Head Inc., the U.S., a hardgoods, apparel and accessories brand, where she has been responsible for Supply Chain Management of the products profitability.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Cheung Wai Man (**張慧敏, "Ms. Cheung"**), aged 50, 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.

Mr. Lau Yau Chuen Louis (**劉友專, "Mr. Lau"**), aged 42, was appointed as an independent non-executive Director on 20 March 2018. Mr. Lau is also the chairman of the audit committee, member of the remuneration committee and member of the nomination committee. Mr. Lau is responsible for providing independent judgement on 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 19 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); the deputy CFO and company secretary of China Innovative Financial Group Limited (stock code: 412); the independent non-executive director of IAG Holding Limited (stock code: 8513); and the CFO of Millennium Pacific Group Holdings Limited (stock code: 8147). Mr. Lau is currently the CFO and COO of HF Financial Group.

Mr. Lee Kwun Ting (李冠霆, "Mr. Lee"), aged 32, was appointed as an independent non-executive Director on 8 August 2018. Mr. Lee is also a member of the audit committee, chairman of the remuneration committee and member of the nomination committee. Mr. Lee is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct. Mr. Lee is a qualified solicitor in Hong Kong. After graduating from The University of Hong Kong with a Bachelor of Laws (LLB). Mr. Lee obtained a Postgraduate Certificate in Laws (PCLL) and a Master in Laws (LLM) from the University of Hong Kong.

Mr. Lee was an Associate of Messrs. W.K. To & Co. from August 2010 to June 2018. From June 2018 till present, Mr. Lee has been a Consultant of Messrs. Fongs. Mr. Lee is a member of the Domestic Violence Panel, the Law Society of Hong Kong, and the Lok Sin Tong Benevolent Society (Kowloon). Moreover, Mr. Lee serves as a Legal Aid Panel Solicitor of the Legal Aid Department and a Chief Inspector of the Hong Kong Auxiliary Police Force.

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. Chan Chi Kwong Dickson (**陳智光, "Mr. Chan"**), aged 47, was appointed as a chief financial officer of the Group on 2 July 2018 and he is a director of a subsidiary of the Group, Majestic City (UNI) Corporation.

Mr. Chan has over 25 years of experience in accounting in Hong Kong. Mr. Chan has been registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 2004 and has been a member since March 2001. In December 2008, he became a fellow of the Hong Kong Institute of Certified Public Accountants. He has been a member of The Association of Chartered Certified Accountants since November 2000 and was admitted as a fellow in November 2005. In November 2004, Mr. Chan obtained a master's degree of Corporate Finance from The Hong Kong Polytechnic University and a Bachelor of Laws degree from the City University of Hong Kong in October 2014. Mr. Chan co-founded CF Partners Limited, Certified Public Accountants, in November 2009 and is now a partner therein.

Since 19 February 2019, Mr. Chan has been an independent non-executive director of eBroker Group Limited (stock code: 8036), the shares of which are listed on GEM and is provided financial technology solution to primarily financial institutions.

Ms. Chan Sheung Ping (**陳湘萍, "Ms. Chan"**), aged 50, 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 27 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.

Mr. Kwok Chi Yin (**郭志賢, "Mr. Kwok"**), aged 51, 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 21 years of accounting and finance experience. Mr. Kwok is the chief financial officer of MCM Global Limited, an OEM manufacturing of electrical and mechanical consumer goods company since June 2013. Mr. Kwok served as the financial controller of Choong Nang Energy Equipment Manufactory Limited, an energy equipment manufacturing company, between June 2006 to June 2013. From 25 April 2014 to 7 January 2016, Mr. Kwok was the company secretary of Baofeng Modern International Holdings Company Limited, a company involved in manufacture and sale of slippers, sandals, casual footwear and graphene-based ethylene-vinyl acetate foam material and slippers (stock code: 1121), whose shares are listed on the Stock Exchange. In addition, he served as accounting manager in several companies in different industries including garment manufacturing and trading, marketing and promotion businesses from March 1999 to June 2006.

The Board recognises that transparency and accountability are important to a listed company. Since its Listing, the Company is committed to establishing and maintaining good corporate governance policy 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 and in return is beneficial to the Company's shareholders as a whole.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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. During the period from the Listing Date to 31 March 2019 (the "**Reporting Period**"), the Board is of the opinion that the Company has complied with all the code provisions of the CG Code, except for the deviations stipulated below:

Code Provision A.2.1

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. During the Reporting Period, Mr. Leung was 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 provision A.2.1 of the CG Code is appropriate in such circumstance.

Code Provision A.6.7

Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung and Mr. Lau (being independent non-executive Directors at the relevant time) and Ms. Lee (being an independent non-executive Director at the relevant time and being re-designated as executive Director on 8 August 2018) were unable to attend the annual general meeting of the Company held on 8 August 2018 as he/she was obliged to be away for his/her other business commitments.

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 "**Model Code**"). The Company had also made specific enquiry to each of the Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Reporting Period (or, if applicable, from the date of his/her respective appointment to 31 March 2019) and the Company was not aware of any non-compliance with the Model Code by the Directors since the Listing Date and up to the date of this annual report.

BOARD OF DIRECTORS

Composition of the board

During the Reporting Period and up to the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr. Leung Kwok Hung Wilson *(Chairman and chief executive officer)*	
Ms. Tam Shuk Fan	
Ms. Lee Yin Mei	(Re-designated from independent non-executive Director to executive Director on 8 August 2018)

Independent non-executive Directors

Ms. Cheung Wai Man	
Mr. Lau Yau Chuen Louis	
Mr. Lee Kwun Ting	(Appointed on 8 August 2018)

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 (the "**INED**") a written annual confirmation of his/her independence pursuant to Rules 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. The Company considers that each of their independence is in compliance with Rules 5.05(1), 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/her independence.

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report. Save as disclosed, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board and senior management.

After annual assessment by the Nomination Committee, the Board considers that 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. The Directors and their biographical details as at the date of this annual report are set out on pages 17 to 20 of this annual report.

BOARD MEETINGS AND ATTENDANCE RECORD OF DIRECTORS

During the Reporting Period, the Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. Attendances of these meetings by Directors are set out below:

	Meeting Attended/Held				
	Annual General Meeting	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
	In number	In number	In number	In number	In number
Total Number of Meetings	1	7	5	3	1
Executive Directors					
Mr. Leung Kwok Hung Wilson *(Chairman)*	1/1	7/7	N/A	N/A	1/1
Ms. Tam Shuk Fan	1/1	7/7	N/A	N/A	N/A
Ms. Lee Yin Mei (Note 1)	0/1	6/7	1/2	1/1	1/1
Independent Non-Executive Directors					
Ms. Cheung Wai Man	0/1	7/7	5/5	3/3	1/1
Mr. Lau Yau Chuen Louis	0/1	7/7	5/5	3/3	1/1
Mr. Lee Kwun Ting (Note 2)	N/A	6/6	3/3	2/2	N/A

Notes:

1. Ms. Lee Yin Mei was re-designated from an INED to an Executive Director with effect from 8 August 2018.
2. Mr. Lee Kwun Ting was appointed as an INED with effect from 8 August 2018.

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 is 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 a 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 INEDs, 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 three board committees 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, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the executive Directors may be terminated 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 INEDs has accepted an appointment with the Company for an initial term of three years, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the INEDs may be terminated by either party giving at least one month written notice to the other, subject to relevant terms of their respective appointments and 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 as between 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.

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. During the Year, the Directors have participated in continuous professional development by attending courses or reading relevant materials on the topics related to corporate governance and relevant updates of the rules and regulations.

BOARD COMMITTEES

The Board established three Board Committees, namely the audit committee (the "**Audit Committee**"), the remuneration 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. Each of the Board Committees has respective specific written terms of reference, which outline the respective Board Committee's authority and duties and require the Board Committees to report 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 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 currently consists of three INEDs, namely Ms. Cheung, Mr. Lau and Mr. Lee. Mr. Lau has been appointed as the chairman of the Audit Committee and is the INED 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 auditor, and to oversee the risk management and internal control procedures of the Company.

During the Reporting Period, five meetings of the Audit Committee were held, to review with the Management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters, including the following:

- review and discussion of the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

- the recommendation to the Board for the proposal for re-appointment of the external auditor of the Company and approval of the remuneration and terms of engagement of the external auditor; and

- review of the Company's continuing connected transactions for the year ended 31 March 2019 pursuant to the GEM Listing Rules;

- the review of the risk management and internal control systems of the Group.

The attendance of each member for the Audit Committee meetings is set out on page 23 of this annual report.

REMUNERATION COMMITTEE

The Company 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 currently consists of three members, namely Ms. Cheung, Mr. Lau and Mr. Lee. Mr. Lee 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 determines their own remuneration.

During the Reporting Period, three meetings of the Remuneration Committee were held to review and subsequently to approve the remuneration package of the executive Directors.

The attendance of each member for the Remuneration Committee meetings is set out on page 23 of this annual report.

REMUNERATION OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the Year is as follows:

Remuneration Band	No. of Individuals
Nil to HK$1,000,000	3

Details of the amount of Directors remuneration for the Year are set out in note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company 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 currently consists of four members, namely Mr. Leung, Ms. Cheung, Mr. Lau and Mr. Lee. Mr. Leung 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 INEDs and to make recommendations to the Board on relevant matters relating to appointments of Directors.

During the Reporting Period, one meeting was held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of INEDs and considered the Directors to retire and re-appoint at the 2019 AGM.

The attendance of each member of the Nomination Committee meeting is set out on page 23 of this annual report.

NOMINATION POLICY

The Company's policy for nomination of directors in the summary of work performed by the Nomination Committee is as follows.

Selection criteria

In evaluating and selecting any candidate for directorship to the Board, the following criteria should be considered:

(a) character and integrity;

(b) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(c) diversity aspects under the Company's board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) for INEDs, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(f) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or Nomination Committee from time to time for nomination of directors and succession planning.

Procedures for appointment of new Directors

(i) if the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referrals from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) upon compilation and interview of the list of potential candidates, the relevant Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Procedures for re-appointment of Directors

(i) where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

(ii) any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the GEM Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") from the Listing Date. 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 but not limited to gender, age, ethnicity, religious and philosophical belief, disability, nationality, cultural and educational background, sexual orientation, family status knowledge, length of services or any other factor the Board may consider relevant and applicable from time to time. 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. In forming its perspective on diversity, the Company will also take into account factors based on its our business model and specific needs from time to time.

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, religious and philosophical belief, disability, nationality, sexual orientation, family status, ethnicity, professional experience, skills, knowledge, length of services or any other factor the Board may consider relevant and applicable from time to time. 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 during the Reporting Period.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and 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.

ACCOUNTABILITY AND AUDIT

Financial reporting

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 2019, 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, about their reporting responsibility on the consolidated financial statement of the Group are set out in the independent auditors' report in this annual report.

Independent auditors' remuneration

The remuneration paid to external auditors in respect of the Year is set out below:

Types of services	Amount HK$'000
Audit services	614
Non-audit services	
– Reporting accountants	350
	964

The accounts for the Year were audited by HLB Hodgson Impey Cheng Limited, whose term of office will expire upon the forthcoming AGM of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditor of the Company at the forthcoming AGM.

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 effective and 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 evaluating 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 an external consulting firm as the Group's internal control adviser, Infinity Concept Ripple Limited (the "**Internal Control Adviser**"), to conduct independent internal control review for the Year.

Such review is conducted annually and cycles reviewed are under a rotation basis. The scope of review was previously determined and approved by the Board. The Internal Control Adviser has reported findings and areas for improvement to the Audit Committee and management. The Board and Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Internal Control Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

COMPANY SECRETARY

Mr. Kwok 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 Reporting Period, Mr. Kwok had undertaken more than 15 hours of relevant professional training.

COMPLIANCE OFFICER

Mr. Leung is the compliance officer of the Company. Please refer to his biographical details as set out in the section headed "Biographical Details of Directors and Senior Management" of the report.

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 a shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting 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")

The following procedures for shareholders to convene an EGM are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

(a) 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 of the Company ("**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;

(b) eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the 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, No. 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong for the attention of the Board and/or the Company Secretary;

(c) 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;

(d) 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 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; and

(e) 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 the 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 the 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, No. 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong by post for the attention of the Board and/or the Company Secretary.

INVESTOR RELATIONS

The Company has 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 has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the AGM, 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 updates of the Group's business are also available on the Company's website.

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 (New address: Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong, with effect from 11 July 2019).

DIVIDEND POLICY

Pursuant to the amended CG Code, the Company should have a dividend policy and disclose such policy in its annual report. The Company has adopted a dividend policy (the "**Dividend Policy**"), and the summary of which is set out below:

(a) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

  (i) the general financial condition of the Group;

  (ii) capital and debt level of the Group;

  (iii) future cash requirements and availability for business operations, business strategies and future development needs;

  (iv) the contractual restrictions on the payment of dividends by the Company to its shareholders;

  (v) the general market conditions; and

  (vi) any other factors that the Board considers appropriate.

(b) The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company.

(c) The Board endeavours to strike a balance between the Shareholders' interests and prudent capital management with a sustainable Dividend Policy.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there was no change in the Company's constitutional documents.

The Directors submit herewith their annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements. The principal activities of the Group is the provision of apparel SCM services.

SEGMENT INFORMATION

Details of the segment information of the Group for the Year are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 50 of this annual report.

The Directors do not recommend the payment of any dividend for the Year.

BUSINESS REVIEW

Business review of the Group for the Year as required by Schedule 5 of the Hong Kong Companies Ordinance, including a fair review of the Group's business and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 6 to 16 of this annual report which forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures 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, are 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;

(vii) most of the Group's products sold to U.S. are manufactured in the PRC, such that the PRC-U.S. trade dispute may have a material and adverse effect on our business, financial conditions and results of operations; and

(viii) 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 faced by 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 their 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 applicable labour laws, rules and regulations and reviews regularly the existing staff benefits for any potential improvement. Apart from the remuneration package, the Group also offers medical insurance to its employees. The Group works closely with its customers in devising new product designs each season and delivering the products according to their requirements. The Group has maintained business relationships with its five largest customers for a period ranging from 1 to 8 years. Over the years, the Directors believe that the Group has fostered a trustworthy and reliable strategic partnership with its customers, which is 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 a 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	Purchases
The largest customer	31.9%	N/A
Five largest customers in aggregate	55.5%	N/A
The largest supplier	N/A	12.8%
Five largest suppliers in aggregate	N/A	52.0%

Save as disclosed in this annual report and to the best knowledge of the Directors, none of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's five largest customers or suppliers during the Year.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities of the Group for the last four financial years is set out on pages 111 to 112 of this annual report. 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 31 March 2019 are set out in note 28 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 52 and note 34(b) to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

Retained earnings of the Company may be available for distribution to ordinary shareholders of the Company 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. The Company's reserves available for distribution to shareholders at 31 March 2019 amounted to approximately HK$23,567,000.

DIRECTORS

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

Executive Directors

Mr. Leung Kwok Hung Wilson *(Chairman)*
Ms. Tam Shuk Fan
Ms. Lee Yin Mei (re-designated from INED to executive Director on 8 August 2018)

Independent non-executive Directors

Ms. Cheung Wai Man
Mr. Lau Yau Chuen Louis
Mr. Lee Kwun Ting (appointed on 8 August 2018)

Pursuant to article 84 of the Articles, at each AGM, 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 Articles, any Director appointed by the 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 AGM of the Company after his/her appointment and shall then be eligible for re-election.

Accordingly, the Directors, namely Mr. Leung, Ms. Cheung and Mr. Lee will retire from office as Directors at the forthcoming AGM to be held on 20 September 2019 and are eligible and have offered 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 17 to 20 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, which shall be renewed as determined by the Board or the shareholders of the Company. The service agreement of each of the executive Directors may be terminated by either party giving not less than six months notice in writing to the other, subject to relevant terms therein and the Articles.

Each of the INEDs had entered into an appointment letter with the Company for an initial term of three years, which shall be renewed as determined by the Board or the shareholders of the Company. The appointment letter of each of the INEDs may be terminated by either party giving not less than one month written notice to the other, subject to relevant terms therein and the Articles.

None of the Directors proposed for re-election at the forthcoming AGM 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 INEDs 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 and senior management with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 31(a) to the consolidated financial statements of this annual report, neither Director nor a connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the Year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme are set out in note 36 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 2019, 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, employees or associates (as defined under the GEM Listing Rules) has any interest in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

As at 31 March 2019, 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 5.67 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 positions in the shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of interested shares	Approximately percentage of the Company's issued share capital
Mr. Leung	Interest in a controlled corporation	280,000,000	70%
Ms. Tam	Interest in a controlled corporation	280,000,000	70%

Note: 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 and 50% by Ms. Tam. Mr. Leung and Ms. Tam are husband and wife. Therefore, each of Mr. Leung and Ms. Tam is deemed to be interested in all the shares held by Giant Treasure under the SFO.

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

As at 31 March 2019, the interests and short positions of the person (other than the Directors and chief executive of the Company) or company which were required to be recorded in the register required to be kept under section 336 of the SFO were as follows:

So far as the Directors are aware, as at 31 March 2019, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long positions in the shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the Shareholding
Giant Treasure	Beneficial owner	280,000,000 (note)	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 and 50% by Ms. Tam. Mr. Leung and Ms. Tam are husband and wife. Therefore, each of Mr. Leung and Ms. Tam is deemed to be interested in all the shares held by Giant Treasure under the SFO.

COMPETING INTEREST

For the year ended 31 March 2019, the Directors were not aware of any business or interest of the Directors, the controlling shareholders (as defined under the GEM Listing Rules) of the Company, and their respective close associates (as defined under the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with Group.

A deed of non-competition dated 20 March 2018 was entered into by the controlling shareholders of the Company 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.

The INEDs have reviewed the implementation of the deed of non-competition and are of the view that the controlling shareholders of the Company have complied with their undertakings given under the deed of non-competition for the Year.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

The related party transactions set out in note 31 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 has 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 Listing Date and up to the date of this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to 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 annual report.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM to be held on Friday, 20 September 2019, the register of members of the Company will be closed from Tuesday, 17 September 2019 to Friday, 20 September 2019 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders of the Company 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 16 September 2019.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate coverage for the Directors and directors of the Group. The Company purchased and maintains 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 code adopted by the Company are set out in the Corporate Governance Report on pages 21 to 35 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.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this annual report.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2019 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 comply with applicable reporting standards and the GEM Listing Rules, and that adequate disclosures have been made.

AUDITORS

The consolidated financial statements for the year have been audited by HLB Hodgson Impey Cheng Limited, who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Leung Kwok Hung Wilson
Chairman and Chief Executive Officer

Hong Kong, 27 June 2019

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

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 50 to 110, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other 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 2019 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 (the "**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 judgement, 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 statement of profit or loss and other comprehensive income as a whole, combined with judgement involved in determining the appropriate point at which to recognise revenue with reference to the criteria as set out in note 4 "Revenue from contract with customers" to the consolidated financial statements.	Our procedures in relation to revenue recognition including but not limited to: – 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 recognised during the year and 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 the amounts and timing of the revenue recognition from provision for apparel SCM services were supported by the available evidence.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowance for expected credit losses assessment of trade receivables *Refer to note 21 to the consolidated financial statements.*	
The Group had trade receivables of approximately HK$16,917,000 and provision for allowance for expected credit losses of approximately HK$2,099,000. In general, the trade receivable credit terms granted by the Group to the customers up to 60 days. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers, aging of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's allowance for expected credit losses assessment of trade receivables including but not limited to: – understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis; – checking, on a sample basis, the aging profile of the trade receivables as at 31 March 2019 to the underlying financial records and post year-end settlements to bank receipts; – inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and – assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgement and estimates used to assess the recoverability of the trade receivables and determine the impairment provision to be supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises information included in the annual report, but does not include 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 are 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 judgement 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, 27 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	9	**121,156**	121,150
Cost of sales		**(100,726)**	(92,333)
Gross profit		**20,430**	28,817
Other income	10	**291**	777
Other gains	11	**91**	577
Selling and distribution expenses		**(6,468)**	(4,267)
Administrative expenses		**(20,884)**	(8,247)
Listing expenses		**(6,149)**	(11,480)
Finance costs	12	**(532)**	(673)
(Loss)/profit before tax	13	**(13,221)**	5,504
Income tax expense	16	**(237)**	(2,763)
(Loss)/profit for the year		**(13,458)**	2,741
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations during the year		**(7)**	–
Other comprehensive loss for the year		**(7)**	–
Total comprehensive (loss)/income for the year		**(13,465)**	2,741
(Loss)/profit for the year attributable to owners of the Company		**(13,458)**	2,741
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(13,465)**	2,741
(Loss)/earnings per share			
Basic and diluted *(HK cents)*	18	**(3.40)**	0.91

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

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current asset			
Property, plant and equipment	19	**12,475**	7,080
Current assets			
Inventories	20	**5,298**	–
Trade receivables	21	**14,818**	12,292
Deposits paid and prepayments	22	**9,391**	13,014
Amounts due from related companies	23	**1,791**	47
Amount due from a shareholder	23	**444**	–
Prepaid tax		**2,699**	–
Bank balances and cash	24	**39,469**	6,510
		73,910	31,863
Current liabilities			
Trade payables	25	**13,523**	3,789
Other payables and accruals	26	**3,805**	1,456
Trade deposit received		**–**	4,251
Contract liabilities	27	**2,938**	–
Amount due to a shareholder	23	**–**	13
Borrowings	28	**12,691**	8,685
Tax payable		**–**	52
		32,957	18,246
Net current assets		**40,953**	13,617
Total assets less current liabilities		**53,428**	20,697
Equity attributable to owners of the Company			
Share capital	29	**4,000**	–
Reserves		**49,070**	20,645
Total equity		**53,070**	20,645
Non-current liability			
Deferred tax	30	**358**	52
		53,428	20,697

Approved and authorised for issue by the board of directors on 27 June 2019 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 2019

	Attributable to owners of the Company					
	Share capital HK$'000 (Note 29)	**Share premium** HK$'000 (Note 29)	**Contribution reserve** HK$'000 (Note i)	**Exchange reserve** HK$'000 (Note ii)	**Retained earnings** HK$'000	**Total equity** HK$'000
At 1 April 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 and at 1 April 2018 (originally stated)	**–**	**–**	**–**	**–**	**20,645**	**20,645**
Impact on initial application of HKFRS 9 (note 3)	**–**	**–**	**–**	**–**	**(1,348)**	**(1,348)**
At 1 April 2018 (restated)	**–**	**–**	**–**	**–**	**19,297**	**19,297**
Loss for the year	**–**	**–**	**–**	**–**	**(13,458)**	**(13,458)**
Other comprehensive loss:						
Exchange difference arising on translation of foreign operations during the year	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(7)**	**(13,458)**	**(13,465)**
Transaction with owners in their capacity as equity owners:						
Capitalisation issue	**3,000**	**(3,000)**	**–**	**–**	**–**	**–**
Issue of shares by way of share offer	**1,000**	**57,000**	**–**	**–**	**–**	**58,000**
Share issuing expenses	**–**	**(10,762)**	**–**	**–**	**–**	**(10,762)**
At 31 March 2019	**4,000**	**43,238**	**–**	**(7)**	**5,839**	**53,070**

Notes:

(i) 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 and applied as fully paid pursuant to the reorganisation (note 2) for transfer of the subsidiaries to the Company. The balance was approximately HK$4.

(ii) Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the exchange reserve are reclassified to retained earnings on the disposal of the foreign operations.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Operating activities			
(Loss)/profit before tax		**(13,221)**	5,504
Adjustments for:			
Interest income		**(22)**	(9)
Finance costs		**532**	673
Depreciation of property, plant and equipment		**780**	196
Reversal of impairment loss recognised in respect of trade receivables		**–**	(246)
Impairment loss recognised in respect of trade receivables		**393**	–
Operating cash flows before movements in working capital		**(11,538)**	6,118
(Increase)/decrease in inventories		**(5,298)**	2,126
Increase in trade receivables		**(4,267)**	(5,295)
Decrease/(increase) in deposits and prepayments		**36**	(5,910)
Increase in amounts due from related companies		**(1,744)**	–
Increase in amount due from a shareholder		**(444)**	–
Increase in trade payables		**9,734**	1,509
Increase in other payables and accruals		**2,349**	830
Decrease in trade deposits received		**–**	(1,663)
Decrease in contract liabilities		**(1,313)**	–
Cash used in operations		**(12,485)**	(2,285)
Income tax paid		**(2,682)**	(4,636)
Net cash used in operating activities		**(15,167)**	(6,921)
Investing activities			
Interest received		**22**	9
Purchase of property, plant and equipment		**(6,172)**	(59)
Repayment from related companies		**–**	421
Repayment from a shareholder		**–**	4,949
Net cash (used in)/generated from investing activities		**(6,150)**	5,320

	Notes	2019 HK$'000	2018 HK$'000
Financing activities			
Interest paid		**(532)**	(673)
Proceeds from issue of new shares		**58,000**	–
Share issuing expenses		**(7,175)**	–
Proceeds from bank borrowings		**–**	5,000
Repayment of bank borrowings		**(5,423)**	(869)
Advance from a shareholder		**–**	13
Repayment to a shareholder		**(13)**	–
Deferred listing expenses paid		**–**	(3,512)
Net cash generated from/(used in) financing activities		**44,857**	(41)
Net increase/(decrease) in cash and cash equivalents		**23,540**	(1,642)
Cash and cash equivalents at the beginning of the reporting period		**3,758**	5,400
Effect of foreign exchange rate changes		**(10)**	–
Cash and cash equivalents at the end of the reporting period		**27,288**	3,758
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	24	**39,469**	6,510
Bank overdrafts	28	**(12,181)**	(2,752)
		27,288	3,758

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 ultimate holding company is Giant Treasure Development Limited ("**Giant Treasure**"), a company incorporated in the British Virgin Islands (the "**BVI**") and controlled by Mr. Leung Kwok Hung Wilson ("**Mr. Leung**") and Ms. Tam Shuk Fan ("**Ms. Tam**") (the "**Controlling Shareholders**").

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 GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer ("**Share Offer**") on 16 April 2018 (the "**Listing Date**").

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

Pursuant to the reorganisation (the "**Reorganisation**") as fully explained in the paragraph headed "**Reorganisation**" in the section headed "**History, Reorganisation and Corporate Structure**" in the prospectus dated 29 March 2018 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 20 March 2018. Immediately prior to and after the Reorganisation, the companies now comprising the Group were under common control by the Controlling Shareholders. The Reorganisation is merely a reorganisation of the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principle of merger accounting, as if the Reorganisation had been completed at the beginning of the reporting period.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement 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.

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are effective for the Group financial year beginning on 1 April 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in the notes to the consolidated financial statements.

HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRS. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4 to the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments (continued)*

Classification and measurement of financial assets and financial liabilities

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually, the remaining balances have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other deposits paid, amounts due from related companies and bank balances, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

For bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12m ECL is insignificant.

For other deposits paid and amounts due from related companies, the directors make periodic collective as well as individual assessment on the recoverability of other deposits paid and amounts due from related companies based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, the directors considers the ECL for deposits paid and amounts due from related companies is insignificant.

At 1 April 2018, additional credit loss allowance approximately of HK$1,348,000 has been recognised against retained earnings and is charged against the respective asset.

Loss allowances for trade receivables at 31 March 2018 reconciled to the opening loss allowances at 1 April 2018 is as follows:

	Trade receivables HK$'000
At 31 March 2018	4,446
Amounts remeasured through opening retained earnings	1,348
At 1 April 2018	5,794

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or service to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. In accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

HKFRS 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. As such, upon application, this requirement under HKFRS 15 resulted in immaterial impact to the consolidated financial statements as the timing of revenue recognition on sales of apparel products with the provision of apparel SCM services to customers is nearly unchanged.

The Group recognises revenue from provision of apparel SCM services which arise from contracts with customers.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in note 4.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers (continued)*

Summary of effects arising from initial application of HKFRS 15

The initial application of HKFRS 15 does not have a material impact on retained earnings at 1 April 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts under HKAS 39 at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018 HK$'000
Trade deposit received	4,251	(4,251)	–
Contract liabilities	–	4,251	4,251

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position and consolidated statement of cash flows at 31 March 2019 only for each of the line items affected as HKFRS 15 has no material impact on its consolidated statement of profit or loss and other comprehensive income for the current years. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK$'000	Adjustments HK$'000	Amount without application of HKFRS 15 HK$'000
Trade deposit received	–	2,938	2,938
Contract liabilities	2,938	(2,938)	–

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers (continued)*

Summary of effects arising from initial application of HKFRS 15 (continued)

Impact on the consolidated statement of cash flows

	As reported HK$'000	Adjustments HK$'000	Amount without application of HKFRS 15 HK$'000
Decrease in contract liabilities	(1,313)	1,313	–
Decrease in trade deposit received	–	(1,313)	(1,313)

Impact on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	At 31 March 2018 (Audited) HK$'000	HKFRS 9 HK$'000	HKFRS 15 HK$'000	At 1 April 2018 (Restated) HK$'000
Current assets				
Trade receivables	12,292	(1,348)	–	10,944
Current liabilities				
Trade deposit received	4,251	–	(4,251)	–
Contract liabilities	–	–	4,251	4,251
Net current assets	13,617	(1,348)	–	12,269
Total assets less current liabilities	20,697	(1,348)	–	19,349
Equity attributable to owners of the Company				
Reserves	20,645	(1,348)	–	19,297

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position at 1 April 2018 as disclosed above.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 1 and HKAS 8 (Amendments)	Definition of Material[3]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Setlement[1]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 *Leases (continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,550,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's financial performance and financial positions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under common control of the controlling entity.

The net assets of the combining businesses are combined using the existing book values from the controlling entity's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

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 statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each 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	20%-30%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (the "**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 3)
The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other deposits paid, amounts due from related companies, amount due from a shareholder and bank balances and cash). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 3) (continued)
The Group always recognise lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for credit card trade receivables and collectively for corporate customers using a provision matrix with past due status grouping.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk
In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 3) (continued)
Significant increase in credit risk (continued)
Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "**investment grade**" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 3) (continued)
Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL
The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 3) (continued)
Measurement and recognition of ECL (continued)
The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)
Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of 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. Subsequent to initial recognition, loans and receivables (including trade receivables, other deposits paid, amounts due from related companies and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debts or equity
Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and accruals, amount due to a shareholder and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

In the consolidated statement 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.

Borrowings

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss)/profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment is only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amounts of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss.

Employee benefits

Retirement benefit obligations

Payment to Mandatory Provident Fund Scheme (the "**MPF Scheme**") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees employed by the Group's subsidiaries in the People's Republic of China (the "**PRC**") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contract with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Sales of goods – apparel SCM services

The Group manufactures and sells a wide range of key apparel products to a number of owners or agents of global reputable brands. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales is based on the price specified in the sales order and is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term up to 60 days, which is consistent with market practice.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 April 2018)

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 – apparel SCM services are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title is passed.

Interest income is recognised as it accrues using the effective interest method.

Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using first-in, first-out basis. 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 and contingent assets

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.

A contingent asset is a possible asset 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 Group. When inflow is virtually certain, an asset is recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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.

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;

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(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.

Segment reporting

Operating segments, and the amounts of each segment item 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 allocating resources to, and assessing the performance 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.

5. 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 followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of financial assets at amortised cost

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Income taxes

The Group is subject to income taxes in various locations. 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.

Assessment of economic useful lives of fixed assets

Fixed assets are depreciated over their economic useful lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying amounts.

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 from prior years.

The capital structure of the Group consists of total borrowings and equity attributable to owners of the Company, comprising share capital, reserves and retained earnings 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.

6. CAPITAL MANAGEMENT (continued)

The gearing ratio at the end of each reporting period was as follows:

	2019 HK$'000	2018 HK$'000
Borrowings *(note 28)*	**12,691**	8,685
Equity attributable to owners of the Company	**53,070**	20,645
Gearing ratio	**23.9%**	42.1%

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	**56,611**	–
Loans and receivables	**–**	18,881
Financial liabilities		
Financial liabilities at amortised cost	**30,019**	13,943

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 foreign exchange risk and interest rate risk), credit risk and impairment assessment and liquidity risk.

The Group's major financial instruments include trade receivables, other deposits paid, amounts due from related companies, amount due from a shareholder, bank balances and cash, trade payables, other payables and accruals, amount due to a shareholder 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.

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

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 Pound Sterling ("**GBP**") are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB and GBP.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Fair value and cash flow interest rate risk

The Group's interest rate risk arises from bank borrowings and bank overdrafts. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings, bank overdrafts and cash and bank balances are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of cash and bank balance are not expected to change significantly.

If there would be a general increase/decrease in the market interest rates by 50 basis points, with all other variables held constant, the Group's pre-tax (loss)/profit would have decreased/increased by approximately HK$134,000 (2018: HK$11,000) for the year ended 31 March 2019. 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 reporting period.

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Credit risk and impairment assessment

The credit risk of the Group mainly arises from trade receivables, other deposits paid, amounts due from related companies, amount due from a shareholder and bank balances.

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other deposits paid based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9 (2018: incurred loss model). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other deposits paid.

The directors continuously monitor the credit quality and financial positions of the counterparties and the level of exposure of related companies and shareholders to ensure that the follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on balances individually. In this regard, the directors consider that the Group's credit risk on amounts due from related companies/a shareholder significantly reduced.

Management considers the Group has limited credit risk with its bank which are leading and reputable and bank 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 addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade receivables based on provision matrix as appropriate. In the regard, the management of the Group considers that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses provision matrix to assess the impairment for its customers because the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not distinguished between the Group's different customer bases.

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Credit risk and impairment assessment (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables at 31 March 2019 within lifetime ECL (not credit-impaired).

	Average expected Loss rate %	**Gross amount HK$'000**	Loss allowances HK$'000
Neither past due nor impaired	3.57	**4,554**	162
1-30 days past due	3.77	**1,593**	60
31-60 days past due	16.37	**982**	161
61-90 days past due	16.97	**712**	121
Over 90 days past due	17.57	**9,076**	1,595
		16,917	2,099

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 31 March 2018 under HKAS 39	–	4,446	4,446
Adjustment upon application of HKFRS 9 *(note 3)*	1,348	–	1,348
At 1 April 2018 – as restated	**1,348**	**4,446**	**5,794**
Impairment loss recognised	**1,990**	**–**	**1,990**
Written-off	**–**	**(4,088)**	**(4,088)**
Impairment loss reversed	**(1,239)**	**(358)**	**(1,597)**
At 31 March 2019	**2,099**	**–**	**2,099**

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 RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Liquidity risk (continued)

	Within 1 year 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 2019					
Non-derivative financial liabilities					
Trade payables	**13,523**	**–**	**–**	**13,523**	**13,523**
Other payables and accruals	**3,805**	**–**	**–**	**3,805**	**3,805**
Borrowings	**12,700**	**–**	**–**	**12,700**	**12,691**
	30,028	**–**	**–**	**30,028**	**30,019**
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 shareholder	13	–	–	13	13
Borrowings	8,738	–	–	8,738	8,685
	13,996	–	–	13,996	13,943

7. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Liquidity risk (continued)

The following table summarises the maturity analysis of bank borrowings with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors 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 HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2019					
Bank borrowings – secured and guaranteed	**445**	**74**	**–**	**519**	**510**
At 31 March 2018					
Bank borrowings – secured and guaranteed	5,444	468	74	5,986	5,933

Fair value of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost were not materially different from their fair values at 31 March 2019 and 2018.

8. SEGMENT INFORMATION

The Group is principally engaged in sales of apparel products with the provision of apparel SCM services to customers.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

8. SEGMENT INFORMATION (continued)

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	
	2019 HK$'000	2018 HK$'000
Customer A	**38,593**	41,142
Customer B *(note i)*	**12,687**	N/A

Note:

(i) Revenue derived from Customer B did not contribute 10% or more to the Group's total revenue during the year ended 31 March 2018.

Except for the disclosed above, no other single customers contributed 10% or more to the Group's revenue for both years.

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	
	2019 HK$'000	2018 HK$'000
United States of America (the "**U.S.**")	**65,777**	67,252
France	**21,297**	23,893
Other European countries *(note i)*	**8,317**	5,873
Australia	**13,891**	12,593
Canada	**1,089**	1,209
Japan	**4,012**	3,720
Other locations *(note ii)*	**6,773**	6,610
	121,156	121,150

Notes:

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

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

8. SEGMENT INFORMATION (continued)

Geographical information (continued)

Non-current assets

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Hong Kong	**9,948**	7,080
The PRC, excluding Hong Kong	**2,527**	–
	12,475	7,080

9. REVENUE

Disaggregation of revenue from contracts with customers:

	2019	2018
	HK$'000	HK$'000
Sales of goods – apparel SCM services	**121,156**	121,150

	2019
	HK$'000
Timing of revenue recognition	
At a point in time	**121,156**

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining obligations under the contracts as all contract works have an original expected duration of one year or less.

10. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Interest income	22	9
Trade claim	2	129
Staff welfare sponsorship	23	39
Sundry income	244	600
	291	777

11. OTHER GAINS

	2019 HK$'000	2018 HK$'000
Net foreign exchange gain	484	331
Reversal of impairment loss recognised in respect of trade receivables *(note 7))*	–	246
Net impairment loss recognised in respect of trade receivables	(393)	–
	91	577

12. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Bank overdrafts interest	486	458
Bank borrowings interest	46	215
	532	673

13. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	2019 HK$'000	2018 HK$'000
Auditors' remuneration for audit services *(note i)*	**614**	415
Depreciation of property, plant and equipment	**780**	196
Minimum lease payments under operating leases in respect of office premises	**1,121**	906
Cost of inventories sold	**92,298**	90,565
Staff costs excluding directors' remuneration *(note ii)*		
– Salaries and wages	**10,343**	5,792
– Staff benefits	**122**	144
– Retirement benefit scheme contributions	**346**	261
	10,811	6,197

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$5,328,000 (2018: 3,710,000) and retirement benefit scheme contributions of approximately HK$238,000 (2018: HK$187,000)

14. DIRECTORS' REMUNERATION

Director's remuneration for the year disclosed pursuant to the GEM Listing Rules, section 383(1) 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 2019					
Executive directors:					
Mr. Leung	(i)	**2,580**	**–**	**18**	**2,598**
Ms. Tam	(ii)	**1,040**	**–**	**18**	**1,058**
Ms. Lee Yin Mei	(iv)	**–**	**535**	**48**	**583**
Independent non-executive directors:					
Ms. Cheung Wai Man	(iii)	**–**	**96**	**–**	**96**
Mr. Lau Yau Chuen Louis	(iii)	**–**	**96**	**–**	**96**
Mr. Lee Kwun Ting	(v)	**–**	**64**	**–**	**64**
		3,620	**791**	**84**	**4,495**
Year ended 31 March 2018					
Executive directors:					
Mr. Leung	(i)	420	420	18	858
Ms. Tam	(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

Notes:

(i) Appointed as a director 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 on 20 June 2017 and re-designated as an executive director on 26 September 2017

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

(iv) Appointed as independent non-executive directors on 20 March 2018 and re-designated as an executive director on 8 August 2018

(v) Appointed as independent non-executive directors on 8 August 2018

14. DIRECTORS' REMUNERATION (continued)

Mr. Leung is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No directors have waived or agreed to waive any remuneration during the reporting period.

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

During the years ended 31 March 2019 and 2018, there were no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 15 below as an inducement to join or upon joining the Group or as compensation for loss of office.

15. FIVE HIGHEST PAID EMPLOYEES

Among the five individuals with the highest emoluments are two (2018: two) directors, whose remuneration are set out in note 14 above. Details of the remuneration of the remaining three (2018: three) non-director highest paid employees are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits	**2,882**	903
Retirement benefit scheme contributions	**36**	41
	2,918	944

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

	2019 **HK$'000**	2018 HK$'000
Nil to HK$1,000,000	**1**	3
HK$1,000,000 to HK$2,000,000	**2**	–

16. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax – Hong Kong Profits Tax		
– Charge for the year	–	2,754
– Over-provision in prior years	(69)	–
	(69)	2,754
Deferred tax *(note 30)*		
– Charge for the year	306	9
	237	2,763

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

Taxation of other overseas subsidiary is calculated at the applicable rate prevailing in the jurisdictions in which the subsidiary operates.

No provision for Hong Kong Profits Tax, PRC Enterprise Income Tax and other overseas subsidiary had been made as the Group had no assessable profit for the year ended 31 March 2019.

16. INCOME TAX EXPENSE (continued)

The income tax expense for the years ended 31 March 2019 and 2018 can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
(Loss)/profit before tax	**(13,221)**	5,504
Tax at domestic income tax rate	**(2,187)**	908
Tax effect of expenses not deductible for tax purpose	**1,423**	1,916
Tax effect of income not taxable for tax purpose	**(5)**	(1)
Tax effect of estimated tax loss not recognised	**1,075**	–
Tax reduction	**–**	(60)
Over-provision in prior years	**(69)**	–
Income tax expense	**237**	2,763

17. DIVIDEND

No final dividend was paid or proposed during the year, nor has any dividend been proposed by the board of directors subsequent to the end of the reporting period.

18. (LOSS)/EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
(Loss)/earnings		
Earnings for the purposes of basic (loss)/earnings per share	**(13,458)**	2,741

	Number of ordinary shares	
	'000	'000
Shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**395,616**	300,000

18. (LOSS)/EARNINGS PER SHARE (continued)

The calculation of basic (loss)/earnings per share for the years ended 31 March 2019 and 2018 is based on (loss)/ profit attributable to owners of the Company and the weighted average number of ordinary shares.

For the year ended 31 March 2019, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of placing completed on 16 April 2018.

For the year ended 31 March 2018, the weighted average number of ordinary share for the purpose of calculating basic earnings per share is calculated based on the assumption that the proposed 300,000,000 ordinary shares in issue, comprising 1,000 ordinary shares in issue as at the date of the prospectus and 299,999,000 ordinary shares to be issued pursuant to the capitalisation issue (the "**Capitalisation Issue**") as detailed in the section headed "**Share Capital**" set out in the prospectus, as if the shares as there were outstanding throughout the entire period.

The diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK'000	Furniture and fixtures HK'000	Computers HK'000	Leasehold improvements HK'000	Total HK'000
Cost					
At 1 April 2017	8,326	365	140	367	9,198
Additions	–	5	33	21	59
At 31 March 2018 and at 1 April 2018	8,326	370	173	388	9,257
Additions	–	39	2,968	3,165	6,172
Exchange alignment	–	–	3	–	3
At 31 March 2019	8,326	409	3,144	3,553	15,432
Accumulated depreciation					
At 1 April 2017	1,166	329	119	367	1,981
Charge for the year	166	11	17	2	196
At 31 March 2018 and at 1 April 2018	1,332	340	136	369	2,177
Charge for the year	166	17	313	284	780
At 31 March 2019	1,498	357	449	653	2,957
Carrying amounts					
At 31 March 2019	**6,828**	**52**	**2,695**	**2,900**	**12,475**
At 31 March 2018	6,994	30	37	19	7,080

At 31 March 2019, buildings with carrying amounts of approximately HK$6,828,000 (2018: HK$6,994,000) were pledged to secure general banking facilities granted to the Group in note 28 to the consolidated financial statements.

20. INVENTORIES

	2019 HK$'000	2018 HK$'000
Goods-in-transit	**5,298**	–

21. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**16,917**	16,738
Less: allowance for credit losses	**(2,099)**	(4,446)
	14,818	12,292

At the end of the reporting period, aging analysis of trade receivables, based on the invoice dates (or date of revenue recognition, if earlier) and net of allowance for credit losses, is as follows:

	2019 HK$'000	2018 HK$'000
0-30 days	**2,073**	2,109
31-60 days	**3,497**	2,269
61-90 days	**1,710**	3,352
Over 90 days	**7,538**	4,562
	14,818	12,292

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 credit period up to 60 days to its customers.

21. TRADE RECEIVABLES (continued)

Comparative information under HKAS 39

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

	2018 HK$'000
Neither past due nor impaired	2,942
1 – 30 days past due	4,752
31 – 60 days past due	630
Over 60 days past due	3,968
	12,292

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.

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

	2018 HK$'000
At 1 April	4,692
Reversal of impairment loss	(246)
At 31 March	4,446

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.

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in note 7 to the consolidated financial statements.

22. DEPOSITS PAID AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade deposits paid	**8,888**	6,384
Prepayments	**414**	3,011
Other deposits paid	**89**	32
Deferred listing expense	**–**	3,587
	9,391	13,014

23. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/A SHAREHOLDER

Amounts due from/(to) related companies/a shareholder are unsecured, interest-free and repayable on demand.

During the year ended 31 March 2019, the maximum amounts due from related companies and a shareholder are approximately HK$1,908,000 (2018: HK$2,447,000) and HK$444,000 (2018: HK$4,949,000) respectively.

24. BANK BALANCES AND CASH

	2019 HK$'000	2018 HK$'000
HK$	**23,647**	688
US$	**15,228**	5,465
RMB	**594**	357
	39,469	6,510

Bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

24. BANK BALANCES AND CASH (continued)

Included in the bank balances and cash were amounts in RMB equivalent to approximately HK$594,000 at 31 March 2019 (2018: HK$357,000), which are subject to relevant rules and regulations of foreign exchange control promulgated by the government of the PRC.

Cash and cash equivalents and bank overdrafts include the following for the purposes of the consolidated statement of cash flows:

	2019 **HK$'000**	2018 HK$'000
Cash and cash equivalents (excluding bank overdrafts) in the consolidated statement of financial position	**39,469**	6,510
Less: bank overdrafts *(note 28)*	**(12,181)**	(2,752)
	27,288	3,758

25. TRADE PAYABLES

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

	2019 **HK$'000**	2018 HK$'000
0-30 days	**1,687**	211
31-60 days	**8,484**	227
61-90 days	**643**	148
Over 90 days	**2,709**	3,203
	13,523	3,789

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

26. OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Accruals	**2,974**	1,456
Other payables	**831**	–
	3,805	1,456

27. CONTRACT LIABILITIES

	At 31 March 2019 HK$'000	At 1 April 2018* HK$'000
Provision of apparel SCM services	**2,938**	4,251

* The amounts in this column are calculated after the adjustments from the application of HKFRS 15.

For the contract liabilities at 1 April 2018, the entire balances are recognised as revenue during the year ended 31 March 2019.

When the Group receives a deposit before production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a deposit on acceptance of contract.

The Group classifies these contract liabilities as current because the Group expects to them to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

28. BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank borrowings – secured and guaranteed	**510**	5,933
Bank overdrafts – secured and guaranteed *(note 24)*	**12,181**	2,752
	12,691	8,685

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

	2019 HK$'000	2018 HK$'000
Within one year or on demand	**12,617**	8,176
Within a period of more than one year but not exceeding two years	**74**	435
Within a period of more than two years but not exceeding five years	**–**	74
	12,691	8,685
Less: Amounts classified as current liabilities – secured and guaranteed borrowings due within one year or contain a repayment on demand clause	**(12,691)**	(8,685)
Amounts classified as non-current liabilities	**–**	–

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

The bank borrowings facilities and bank overdrafts granted to the Group are secured and guaranteed by the followings:

(a) A corporate guarantee executed by the Company at 31 March 2019;

(b) The Group's buildings amounting to HK$6,828,000 (2018: HK$6,994,000) in note 19 to the consolidated financial statements.

(c) Unlimited personal guarantees executed by Mr. Leung and Ms. Tam at 31 March 2018; and

(d) Pledged properties of related companies, Turbo Profit Investment Limited ("**Turbo Profit**"), Joint Linker Investment Limited ("**Joint Linker**") and Perfect Regal Limited ("**Perfect Regal**"), located in Hong Kong at 31 March 2018.

The unlimited personal guarantees executed by Mr. Leung and Ms. Tam and pledged properties of Turbo Profit, Joint Linker and Perfect Regal for secured bank borrowings were released upon the Listing Date.

28. BORROWINGS (continued)

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 5.88% per annum and 2.74% to 5.75% per annum at 31 March 2019 and 2018 respectively.

The Group's borrowings are denominated in HK$ at the end of the reporting periods.

29. SHARE CAPITAL

	2019		2018	
	Number of ordinary shares ’000	**Carrying amount HK$’000**	Number of ordinary shares ’000	Carrying amount HK$’000
Authorised:				
At 1 April	**10,000,000**	**100,000**	–	–
Ordinary shares of HK$0.01 each upon incorporation *(note i)*	**–**	**–**	38,000	380
Increase in the authorised share capital *(note ii)*	**–**	**–**	9,962,000	99,620
At 31 March	**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:				
At 1 April	**1**	**–**	–	–
Ordinary shares of HK$0.01 upon incorporation *(note i)*	**–**	**–**	1	–
Capitalisation issue *(note iv)*	**299,999**	**3,000**	–	–
Issue of shares by way of share offer *(note v)*	**100,000**	**1,000**	–	–
At 31 March	**400,000**	**4,000**	1	–

29. SHARE CAPITAL (continued)

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 increase 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 and Ms. Tam entered into the shares swap agreement with the Company pursuant to which Mr. Leung and Ms. Tam transferred all of the issued share capital owned in 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**") to Century Momentum Group Limited ("**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% 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, 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.

(v) On 16 April 2018, the Company has issued a total of 100,000,000 ordinary shares of HK$0.01 each at a price of HK$0.58 per share for a total consideration of HK$58,000,000. The net proceeds were proposed to be used to finance the implementation plan as set forth in the section headed "**Business Objectives and Future Plans**" in the Prospectus.

(vi) Following the completion of the Share Offer and the Capitalisation Issue, the authorised share capital of the 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.

30. DEFERRED TAX

	Accelerated tax depreciation HK$'000
At 1 April 2017	43
Charge to profit or loss *(note 16)*	9
At 31 March 2018 and at 1 April 2018	**52**
Charge to profit or loss *(note 16)*	**306**
At 31 March 2019	**358**

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$6,515,000 (2018: nil) available for offset against future profits. No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams and unrecognised tax losses could be carried forward indefinitely.

31. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the notes to the consolidated financial statements, the Group entered into the following related party transactions during the years ended 31 March 2019 and 2018:

	2019 HK$'000	2018 HK$'000
Purchase of inventories from 江門市萬斯服裝有限公司 (Jiangmen Majestic Apparel Company Limited*) ("**Jiangmen Majestic**") *(note a)*	–	7,693
Rental expense to Turbo Profit *(note b)*	414	414
Rental expense to Joint Linker *(note b)*	492	492

* for identification purposes only

Notes:

(a) Jiangmen Majestic was controlled by Ms. Tam, who is the controlling shareholder and executive director. On 21 August 2017, Ms. Tam resigned as a director of Jiangmen Majestic and disposed all of the controlling interest to an independent third party. After the diposal 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.

(b) The related companies are controlled by Mr. Leung and Ms. Tam, who are the controlling shareholders and executive directors of the Company.

The transactions were conducted at term 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.

31. 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:

	2019 HK$'000	2018 HK$'000
Short term employee benefits	**1,555**	2,163
Post-employment benefits	**40**	77
	1,595	2,240

The remuneration of the directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Outstanding balances with related companies and a shareholder

Details of the balances with related parties and a shareholder at the end of the reporting period are set out in note 23 to the consolidated financial statements.

32. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases certain office premises under operating lease arrangements. Leases for these properties are negotiated for six months to three years (2018: three years) and rental are fixed over the lease term. None of the lease 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:

	2019 HK$'000	2018 HK$'000
Within one year	**1,275**	906
Within two to five years	**275**	906
	1,550	1,812

33. 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.

	Bank borrowings HK$'000	Amount due to a shareholder HK$'000	Total 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 borrowings	(869)	–	(869)
At 31 March 2018 and at 1 April 2018	**5,933**	**13**	**5,946**
Financing cash flows	**(5,469)**	**(13)**	**(5,482)**
Interest expenses	**46**	**–**	**46**
At 31 March 2019	**510**	**–**	**510**

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) *Statement of financial position of the Company*

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investment in a subsidiary	**1**	1
Current assets		
Deposits and prepayments	**–**	3,587
Amounts due from fellow subsidiaries	**5,062**	–
Amount due from a shareholder	**15**	–
Bank balances and cash	**22,634**	–
	27,711	3,587
Current liabilities		
Accruals	**145**	80
Amount due to a subsidiary	**–**	15,068
	145	15,148
Net current assets/(liabilities)	**27,566**	(11,561)
Total assets less current liabilities	**27,567**	(11,560)
Equity		
Share capital	**4,000**	–*
Reserves	**23,567**	(11,560)
Total equity	**27,567**	(11,560)

* Amounts less than HK$1,000

Approved by the board of directors on 27 June 2019 and signed on its behalf by:

Leung Kwok Hung Wilson	**Tam Shuk Fan**
Director	*Director*

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(b) Reserves movements of the Company

	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 20 June 2017 (date of incorporation)	–	–	–	–
Loss and total comprehensive loss for the period	–	–	(11,560)	(11,560)
At 31 March 2018 and at 1 April 2018	**–**	**–**	**(11,560)**	**(11,560)**
Capitalisation issue	**3,000**	**(3,000)**	**–**	**–**
Issue of shares by way of share offer	**1,000**	**57,000**	**–**	**58,000**
Share issuing expenses	**–**	**(10,762)**	**–**	**(10,762)**
Loss and total comprehensive loss for the year	**–**	**–**	**(8,111)**	**(8,111)**
At 31 March 2019	**4,000**	**43,238**	**(19,671)**	**27,567**

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary activities	Place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/registered capital	Proportion of ownership interest and voting power held by the Company 2019	2018	Principal activities
Century Momentum	BVI	Ordinary	US$100	**100%**	100%	Investment holding
Majestic City Enterprises	Hong Kong	Ordinary	HK$2	**100%**	100%	Provision of apparel SCM services
Majestic City International	Hong Kong	Ordinary	HK$2	**100%**	100%	Provision of apparel SCM services
Majestic City (UNI) Corporation	The U.S.	Ordinary	US$100	**100%**	–	Sales consulting and support services
寧波萬斯服裝有限公司 (Ningbo Majestic Apparel Limited*)#	The PRC	Registered	HK$200,000	**100%**	–	Merchandising quality control and sourcing services
Success Booster Investments Limited	BVI	Ordinary	US$100	**100%**	–	Investment holding

* for identification purpose only

wholly foreign-owned enterprise

Except for Century Momentum which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year.

36. RETIREMENT BENEFITS SCHEMES

The Group operates the MPF Scheme under rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK$30,000. The contributions are charged to profit or loss as incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

The employees of the Group's subsidiary in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiary is required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is made the specified contributions under the schemes. The contributions are charged to profit or loss as incurred.

37. COMPARATIVE FIGURE

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods, comparative information is not restated.

38. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 27 June 2019.

FINANCIAL SUMMARY

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

	Year ended 31 March			
RESULTS	**2019** **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000
Revenue	**121,156**	121,150	116,154	94,155
(Loss)/profit before tax	**(13,221)**	5,504	17,535	11,838
Income tax expense	**(237)**	(2,763)	(3,017)	(1,931)
(Loss)/profit for the year	**(13,458)**	2,741	14,518	9,907

ASSETS AND LIABILITIES	As at 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	**73,910**	31,863	28,605	33,978
Non-current assets	**12,475**	7,080	7,217	7,360
Total assets	**86,385**	38,943	35,822	41,338
Current liabilities	**32,957**	18,246	17,875	26,946
Non-current liability	**358**	52	43	6
Total liabilities	**33,315**	18,298	17,918	26,952
Net assets	**53,070**	20,645	17,904	14,386
EQUITY				
Equity attributable to owners of the Company	**53,070**	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 year ended 31 March 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.