



(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1982

Nameson Holdings Limited

南旋控股有限公司

Annual Report 2016



About Nameson



Established in 1990, Nameson Group is one of the leading knitwear manufacturers in the PRC. We offer one-stop services including raw material development, product design, sample manufacturing, high-quality production, quality control and timely delivery of products to our customers. Over the years, we have built an excellent business reputation and have been supplying quality knitwear products to internationally renowned apparel brands such as UNIQLO, Tommy Hilfiger and Lands' End.





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BOARD OF DIRECTORS

Executive Directors

Mr. Wong Ting Chung, *BBS, JP (Chairman and Chief Executive Officer)*
Mr. Wong Wai Wing, Raymond
Mr. Wong Ting Chun
Mr. Li Po Sing
Ms. Chan Mei Hing, Aurora

Non-executive Directors

Mr. Tam Wai Hung, David
Mr. Wong Ting Kau
Mr. Wong Wai Yue
Mr. Lau Ka Keung, *MH*

Independent non-executive Directors

Ms. Fan Chiu Fun, Fanny, *GBS, JP*
Mr. Kan Chung Nin, Tony, *BBS, JP*
Mr. Ong Chor Wei
Mr. Fan Chun Wah, Andrew
Ms. Lee Bik Kee, Betty

BOARD COMMITTEES

Audit Committee

Mr. Ong Chor Wei (*Chairman*)
Mr. Kan Chung Nin, Tony, *BBS, JP*
Mr. Tam Wai Hung, David
Mr. Fan Chun Wah, Andrew

Remuneration Committee

Mr. Kan Chung Nin, Tony, *BBS, JP (Chairman)*
Mr. Wong Ting Chung, *BBS, JP*
Mr. Ong Chor Wei

Nomination Committee

Mr. Wong Ting Chung, *BBS, JP (Chairman)*
Mr. Kan Chung Nin, Tony, *BBS, JP*
Mr. Ong Chor Wei

COMPANY SECRETARY

Mr. Tao Chi Keung, *HKICPA, ACCA*

AUTHORISED REPRESENTATIVES

Mr. Wong Wai Wing, Raymond
Ms. Chan Mei Hing, Aurora

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
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183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

Reed Smith Richards Butler
20/F, Alexandra House
18 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

1982

WEBSITE OF THE COMPANY

<http://www.namesonholdings.com>

Chairman's Statement

As of today, Nameson has expanded its production base to include Vietnam. The trust and support from various parties has been the key to our successful business development. Therefore, we have been actively participating in charitable events including those organised by The Community Chest of Hong Kong and Heifer International Hong Kong – carrying out our corporate social responsibilities and helping underprivileged groups to give back to society.



To our respectable shareholders,

I am pleased to present the annual results of Nameson Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2016 ("Financial Year 2016") on behalf of the board of directors (the "Board") of the Company.

A NEW CHAPTER OF SUSTAINABLE DEVELOPMENT BEGINS

The year 2016 is a significant year for the Group. With the trust and support of its three cornerstone investors, namely Fast Retailing Co., Ltd. (the Tokyo Stock Exchange: 9983; the Hong Kong Stock Exchange: 6288), Shima Seiki MFG., Ltd. (the Tokyo Stock Exchange: 6222) and its wholly-owned subsidiary Shima Seiki (Hong Kong) Ltd., and Talent Charm Limited, a wholly-owned subsidiary of K-Boxing Investment Holdings Co., Ltd., as well as all our shareholders, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April, 2016. I believe the successful listing marked the beginning of a new chapter of sustainable development for the Group. The Group will fully apply the funds raised and capture opportunities conducive to consolidating its leading edge as a one-stop in-house knitwear fashion solutions provider.

In Financial Year 2016, global economic growth slowed down. However, in the first quarter of 2016, the United States recorded positive economic data pointing to a steady pickup of economic growth, and both Japan and Europe have adopted accommodative monetary policies to promote sustained economic growth. The Chinese economy has entered a new normal changing from climbing rapidly before to growing steadily within a reasonable range that is going to last for some time in the future.

Despite the slowdown in global economic growth and various external challenges, the Group recorded satisfactory growth in both turnover and adjusted net profit for the Financial Year 2016, attributable to its strategic expansion of the production base in Vietnam and the long-standing partnership it has with a number of international apparel brand customers.

Looking back at Financial Year 2016, with the first phase of the Vietnam factory commencing operation thus enhanced the Group's production capacity and increased orders from customers who value the quality production technology and design and development capabilities of the Group, sales of the Group increased by 7.7% to HK\$2,765.5 million. Compared with the last financial year, income from the Japanese market increased by 22.3% to HK\$1,137.1 million, and that from the European market saw an increase of 16.1% to HK\$415.1 million. While enhancing sales, the Group also places heavy emphasis on cost control and effective management, hence its gross margin was maintained at the 22% level. In Financial Year 2016, the exchange rate of Renminbi remained relatively low, which helped the Group's PRC factory to save cost. Adjusted net profit of the Group increased by 9.9% to HK\$273.0 million and the adjusted net profit margin increased to approximately 9.9%.

EXPANSION OF VIETNAM FACTORY MADE SATISFACTORY PROGRESS ACHIEVE WIN-WIN WITH CUSTOMERS

According to Vietnam Customs statistics, the amount of textile and garment export from Vietnam between January and September 2015 amounted to US\$17 billion, representing an increase of approximately 9.5% compared with the prior same period. The amount of export to the United States grew by 13.2% to US\$8.33 billion and that to Japan was up by 5.6% to US\$2.03 billion, compared with the same period last year. As a major garment exporting country to the European Union and rest of the world, Vietnam expects to maintain satisfactory export growth. According to Euromonitor's research report on knitwear

manufacturing, in 2016 and 2017, export from Vietnam to the United States will grow by 11.6% and 16.3% respectively, and export to Japan will grow by 13.0% and 18.5% respectively. Therefore, the Group's decision to expand its production base in Vietnam has given it a solid foundation for development.

The production base expansion in Vietnam is making good progress. Phase one of the factory commenced production in the first quarter of 2015 and its production capacity has reached the expected level. Works on phase two of the expansion has been progressing as scheduled with production expected to commence gradually in the second half of 2016. By then, the total production capacity of the Group will surge to 46.9 million pieces of knitwear products per annum. With the Trans-Pacific Partnership Agreement (TPP) officially signed in February 2016, 12 member countries including the United States, Japan, Canada and Vietnam will lower their import tariffs for textile and garment products on each other in the future. After TPP takes effect officially, export of textile and garment products from Vietnam to the United States will even enjoy zero tariffs, favouring sale of the Group's knitwear products to the United States. Furthermore, the Group's Vietnam factory enjoys the benefits of low domestic production cost and preferential tax treatment. We believe that these factors will further strengthen the Group's competitive edges for exploring more business opportunities and achieving win-win with our existing and new customers.

In addition, the Vietnamese government has been actively encouraging foreign investment in the upstream apparel industry in recent years, which the Group believes will allow it to lower the cost of raw materials in the future. Currently, a number of upstream garment enterprises from Hong Kong, Taiwan and Korea have spinning mills and dyeing and finishing plants in Vietnam. TPP provides that to entitle to zero tariffs, all raw materials used in production from spinning, dyeing and finishing to apparel manufacturing must

be purchased from TPP member countries, and all production must be conducted within TPP districts and the finished goods be exported to other TPP member countries. Therefore, all these upstream enterprises with production facilities in Vietnam would be helpful to the Group in enjoying TPP tariff benefits in the future.

2016 remains a challenging year for the global economy. Fortunately, most of the economic indices of the United States in the first quarter of 2016 were better than market expectation. While expecting pressures from the increase in interest rate of the United States, the market also anticipates a steady increase in the country's economic growth, which will boost domestic consumption and in turn the purchase orders of the Group's products from the American market. The gross domestic product of Japan was also higher than market expectation in the first quarter of 2016, reflecting the effectiveness of Japan's accommodative monetary policy. The success of the Japanese government in promoting economic growth will continue to brace sales growth of the Group in the Japanese market.

After phase two of our Vietnam factory begins operation, the production scale of the Group will be further expanded. In addition, benefiting directly from the factory enjoying tax benefits and the advantage of low domestic production cost, plus the TPP tariff relief in the future, the Group can secure more customer orders. Meanwhile, particularly for products exported to Japan, the Group's Vietnam factory has been enjoying the zero tariffs under the Japan-Vietnam Economic Partnership Agreement. This will continue to facilitate the landing of new customers in Japan by the Group and enhance the Group's competitive strength in sales to the Japanese market.

DESIGN AND INNOVATION FOR ADVANCEMENT AND EXCELLENCE

To sustain growth in turnover, the Group will strengthen its design and research and development capabilities so as to enhance knitwear designs and the development technology of yarn blends for producing higher quality knitwear, in its bid to attract more new international apparel brand customers. Moreover, the Group will improve its factory equipment and optimise its production efficiency to prepare for production capacity upgrades.

As a major apparel product category, knitwear has a huge and steady market demand. The Group thus remains highly confident of the outlook of the knitwear manufacturing industry.

Finally, on behalf of the Group, I would like to express my heartfelt gratitude to our customers, suppliers, shareholders and staff for their continuous support in all aspects of the Group's development.

Wong Ting Chung

Chairman and Chief Executive Officer

Management Discussion and Analysis

FINANCIAL REVIEW

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Revenue	2,765,521	2,567,667
Cost of sales	(2,155,569)	(1,994,299)
Gross profit	609,952	573,368
Other income	13,749	20,617
Other (losses)/gains, net	(510)	27,642
Selling and distribution expenses	(57,669)	(52,304)
General and administrative expenses	(267,798)	(235,202)
Operating profit	297,724	334,121
Finance income	1,657	1,756
Finance expenses	(27,967)	(21,992)
Finance expenses, net	(26,310)	(20,236)
Profit before income tax	271,414	313,885
Income tax expenses	(39,527)	(40,539)
Profit for the year attributable to owners of the Company	231,887	273,346
Add:		
Realised and unrealised losses/(gains) from derivative financial instruments	12,316	(26,475)
Listing expenses	28,818	1,614
Adjusted net profit	273,021	248,485

Revenue

Revenue of the Group represents revenue from sales of knitwear products, namely womenswear, menswear and other products such as childrenswear, scarfs, hats and gloves, to our customers.

The Group's revenue increased by 7.7% to HK\$2,765.5 million for the year ended 31 March 2016 from HK\$2,567.7 million for the year ended 31 March 2015. The increase was primarily due to increase in sales volume in all categories of our knitwear products, in particular in womenswear. With the first phase of our Group's Vietnam Factory commencing production in March 2015, the total designed production capacity of our Group increased from approximately 29.9 million pieces of knitwear products for the year ended 31 March 2015 to approximately 34.3 million pieces of knitwear products for the year ended 31 March 2016.

The increase in the Group's revenue was largely in line with the increase in the Group's sales volume. The Group's sales volume increased by 8.4% from 28.5 million pieces of knitwear products for the year ended 31 March 2015 to 30.9 million pieces of knitwear products for the year ended 31 March 2016.

Consistent with the Group's geographical market distribution for the year ended 31 March 2015, Japan, North America (mainly the United States of America) and Europe were still our top three markets for the year ended 31 March 2016. The revenue attributable to the Japanese market, North America market and Europe market accounted for 41.1%, 26.9% and 15.0% of the Group's total revenue for the year ended 31 March 2016.

Cost of Sales

For the year ended 31 March 2016, the Group incurred cost of sales of HK\$2,155.6 million. Cost of sales primarily consisted of cost of inventories, direct labour costs, subcontracting charges to our subcontractors, depreciation of property, plant and equipment, electricity and water and production overhead costs. The increase in the Group's cost of sales was largely in line with the increase in turnover and sales volume.



Gross Profit and Gross Profit Margin

During the year ended 31 March 2016, the Group recorded gross profit of HK\$610.0 million and gross profit margin of 22.1% as compared to the gross profit of HK\$573.4 million and gross profit margin of 22.3% for the year ended 31 March 2015.

The slight decrease in gross profit margin for the year ended 31 March 2016 was mainly due to the increase in direct labour costs which was partially offset by the decreases in subcontracting charges and production overhead costs as a result of cost control measures.

Other Income

Other income primarily consisted of sample sales income, rental income from staff quarter and rental income from investment properties. The other income of the Group decreased by HK\$6.9 million from HK\$20.6 million for the year ended 31 March 2015 to HK\$13.7 million for the year ended 31 March 2016. Such decrease was mainly due to the decrease in sample sales income as the Group chose not to charge our customers for certain samples produced by us.

Other (Losses)/Gains, Net

Other gains and losses primarily consisted of realised and unrealised gains or losses from derivative financial instruments, net foreign exchange gains or losses and net gains or losses on investments.

Other gains decreased by HK\$28.1 million, turning other gains of HK\$27.6 million for the year ended 31 March 2015 to other losses of HK\$0.5 million for the year ended 31 March 2016. This is primarily due to the settlement and unwinding of all of the Group's outstanding forward foreign currency contracts which resulted in a net realised loss from derivative financial instruments of HK\$12.3 million and the recognition of net foreign exchange gains of HK\$5.7 million for the year ended 31 March 2016. For the year ended 31 March 2015, the Group's realised and unrealised gains from derivative financial instruments and net foreign exchange losses amounted to HK\$26.5 million and HK\$4.5 million respectively.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of transportation cost in relation to delivery of our knitwear products to customers, sample charges, commission to the agents of our customers and advertising and promotion expenses.

The Group's selling and distribution expenses increased by HK\$5.4 million, from HK\$52.3 million for the year ended 31 March 2015 to HK\$57.7 million for the year ended 31 March 2016. Such increase was mainly due to the increases in transportation cost and commission, which were in line with our increased sales volume for the year ended 31 March 2016.

General and Administrative Expenses

General and administrative expenses primarily consisted of staff costs relating to management and administrative personnel, listing expenses, insurance premium, donations and other incidental office expenses.

The Group's general and administrative expenses increased by HK\$32.6 million from HK\$235.2 million for the year ended 31 March 2015 to HK\$267.8 million for the year ended 31 March 2016. Such increase was mainly due to the increase in listing expenses in connection with the Company's listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and increases in staff costs and other incidental office expenses as a result of expansion of our sales team, addition of administrative staff in our Vietnam Factory and the annual salary increment of our administrative staff.

Finance Expenses, Net

Net finance expenses mainly consisted of interest expenses on bank borrowings and finance lease obligations, which are partially offset by the Group's finance income which mainly consisted of interest income from bank deposits.

Management Discussion and Analysis (continued)

The Group's net finance expenses increased by HK\$6.1 million from HK\$20.2 million for the year ended 31 March 2015 to HK\$26.3 million for the year ended 31 March 2016. The increase in net finance expenses was mainly due to our increased average bank borrowings during the year ended 31 March 2016 to finance the Group's expanded business operations and the development of the second phase of our Vietnam Factory.

Income Tax Expenses

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), neither the Company nor its BVI subsidiary is subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the BVI.

Hong Kong profits tax as applicable to the Group is 16.5% for the years ended 31 March 2016 and 2015 on the estimated assessable profits arising in or derived from Hong Kong during the relevant years.

The Group's subsidiaries in the PRC are subject to the China Corporate Income Tax at a rate of 25% on the estimated assessable profits for the years ended 31 March 2016 and 2015.

The Group's subsidiary in Vietnam was subjected to preferential business income tax ("BIT") at the rate of 20% (standard BIT rate: 22%) till 31 December 2015. Since 1 January 2016, the preferential BIT rate is lowered to 17% (standard BIT rate: 20%). According to the investment certificate, the subsidiary is subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiary is entitled to full exception from BIT for first 2 years from the first year of earning taxable profit and is eligible for a 50% reduction in the BIT rate in the 4 years thereafter. No provision has been made for BIT as the Group's subsidiary in Vietnam did not generate any taxable profit subject to BIT for the years ended 31 March 2016 and 2015.

The effective tax rates of the Group were 14.6% and 12.9% for the years ended 31 March 2016 and 2015 respectively.



Profit for the Year Attributable to Owners of the Company

As a result of the foregoing, the Group recorded profit attributable to owners of the Company of HK\$ 231.9 million and HK\$273.3 million for the years ended 31 March 2016 and 2015 respectively.

The decrease in net profit for the year ended 31 March 2016 was primarily due to increase in listing expenses incurred in connection with the Company's listing on the Stock Exchange and the net loss of HK\$12.3 million from derivative financial instruments whilst a net gain of HK\$26.5 million was recognised from such derivative financial instruments for the year ended 31 March 2015.

Adjusted Net Profit

Adjusted net profit means net profit for the year without taking into account realised and unrealised (losses)/gains from derivative financial instruments and listing expenses incurred in connection with the Company's listing on the Stock Exchange.

Based on the above, the Group's adjusted net profit increased by HK\$24.5 million from HK\$248.5 million for the year ended 31 March 2015 to HK\$273.0 million for the year ended 31 March 2016. As a percentage of revenue, the adjusted net profit margin slightly increased from 9.7% for the year ended 31 March 2015 to 9.9% for the year ended 31 March 2016.

Dividends

No dividends has been paid or declared by the Company since its incorporation and up to 31 March 2016.

Upon the Stock Exchange granting an in-principle approval for the listing of the Company's shares (the "Listing") and the Board proceeding with the Listing, a special dividend of HK\$442.0 million was declared and settled against amounts due from related companies and shareholders on 21 March 2016. This is a non-cash transaction.

Dividend of HK\$120.0 million during the year ended 31 March 2016 (2015: HK\$427.0 million) represented dividends declared by the companies now comprising the Group to the equity holders of these companies before the group reorganisation for the Listing, after elimination of intra-group dividends.

At the Board meeting held on 27 June 2016, the directors do not recommend the payment of any final dividend for the year ended 31 March 2016.

Consolidated Cash Flow Statement

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Net cash generated from operating activities	380,105	511,441
Net cash used in investing activities	(326,557)	(204,619)
Net cash used in financing activities	(159,637)	(280,394)
Net (decrease)/increase in cash and cash equivalents	(106,089)	26,428
Cash and cash equivalents at beginning of the year	333,740	305,887
Exchange difference on cash and cash equivalents	(6,014)	1,425
Cash and cash equivalents at end of the year	221,637	333,740

Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the year ended 31 March 2016 was HK\$380.1 million, primarily due to profit before income tax of HK\$271.4 million, adjusted for income tax paid of HK\$34.3 million, depreciation of property, plant and equipment of HK\$170.8 million, net change in derivative financial instruments of HK\$41.6 million, decreases in inventories of HK\$51.1 million and trade and bills payables of HK\$12.7 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the year ended 31 March 2016 was HK\$326.6 million, primarily due to the purchase of property, plant and equipment of HK\$193.5 million and the net increase in amounts due from related companies and shareholders of HK\$144.1 million.

Net Cash Used In Financing Activities

The Group's net cash used in financing activities for the year ended 31 March 2016 was HK\$159.6 million, which was mainly attributable to the net decrease in the Group's borrowings of HK\$51.7 million and dividend payments of HK\$120.0 million.

Cash and Cash Equivalents

For the year ended 31 March 2016, the Group's cash and cash equivalents decreased by HK\$106.1 million and the exchange loss was HK\$6.0 million. The net decrease in the Group's cash and cash equivalents was from HK\$333.7 million as at 31 March 2015 to HK\$221.6 million as at 31 March 2016.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the year ended 31 March 2016, the Group's cash and cash equivalents was mainly used in the development of the second phase of our Vietnam Factory, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and interest-bearing bank loans. The Group's gearing ratio increased from 33.8% as at 31 March 2015 to 49.1% as at 31 March 2016. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The increase in the Group's gearing ratio as at 31 March 2016 was mainly due to the outstanding amounts due from shareholders and related companies which were settled by way of (i) special dividends of HK\$442.0 million declared by one of the group companies to the relevant parties; and (ii) return of shareholder's contribution (which is accounted as equity) of HK\$100.0 million on 21 March 2016 as part of the reorganisation conducted in preparation for the Company's listing on 12 April 2016 (the "Listing Date"). As a result of the foregoing, the Group's equity was maintained at a relatively low level between 21 March 2016 and the Listing Date.

As at 31 March 2016, the Group's cash and cash equivalents, amounting to HK\$221.6 million, were denominated in US dollars ("US\$") (22.3%), HK\$ (48.0%), Chinese Renminbi ("RMB") (25.9%), Vietnamese Dong ("VND") (3.0%) and other currencies (0.8%).

As at 31 March 2016, the Group's total borrowings (i.e. bank borrowings and finance lease obligations) were due for repayment as follows:

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Within one year	484,079	468,258
Between one and two years	156,749	166,787
Between two and five years	214,822	272,335
	855,650	907,380

Notes:

- The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.
- As at 31 March 2016, the Group's borrowings were denominated in HK\$ (64.6%) and US\$ (35.4%). All the Group's borrowings were floating rate borrowings. The weighted average effective interest rates of the Group's bank borrowings and finance lease obligations for the year ended 31 March 2016 were 2.89% and 1.68% respectively.
- As at 31 March 2016, the Group's bank borrowings were secured by land use rights with carrying amount of HK\$17.2 million, land and buildings and leasehold improvements with a total carrying amount of HK\$247.0 million, corporate guarantees provided by some of the subsidiaries and personal guarantees from some of the directors, Mr. Wong Ting Chung, Mr. Wong Ting Chun, Mr. Wong Ting Kau and Mr. Lau Ka Keung, of the Company.

These personal guarantees have been fully released and replaced by corporate guarantees provided by the Company upon the Listing on 12 April 2016.

Financial Risk Management Objectives and Policies

The Group's management has adopted certain policies on financial risk management with the objective of: (i) ensuring that appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration of the cost of funding, gearing ratios and cash flow projections of the Group; and (ii) ensuring that appropriate strategies are also adopted to minimise the related foreign currency risk, interest rate risk, credit risk and liquidity risk.

Foreign Currency Risk

The Group mainly operates in Hong Kong, the PRC and Vietnam with majority of the transactions settled in HK\$, RMB and US\$. Foreign currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign currency risk exposure is primarily with respect to RMB and US\$ since a substantial portion of our operating expenses are denominated in RMB while most of the sales are denominated in US\$. As HK\$ is pegged with US\$, the foreign currency risk exposure in respect of US\$ is considered minimal.

The Group entered into forward foreign currency contracts to mitigate its exposures of RMB against US\$. However, due to the depreciation of RMB against US\$ in early August 2015, the Group decided to unwind all of its outstanding forward foreign currency contracts by 30 September 2015 so as to crystallise its exposures and avoid the risk of any additional losses. During the period from 1 October 2015 to 31 March 2016, the Group did not use any financial instruments to hedge against foreign currency risk but our management team will continue to closely monitor the foreign currency risk exposure of our Group and may use financial instruments for hedging purposes as and when necessary.

Interest Rate Risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into any financial instruments to hedge against interest rate risk for the year ended 31

March 2016 but the Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

Credit Risk

The Group has policies in place to ensure that sales on credit are made to customers with an appropriate credit history and the Group also performs credit assessments of its customers on a periodic basis, taking into account their financial position, past payment records and other relevant factors. The Group has not experienced and do not expect to experience any material impairment on trade receivables and receivables from other counterparties.

As at 31 March 2016, all the Group's bank balances and deposits were held with major financial institutions in Hong Kong, the PRC and Vietnam which the Directors believe are of high credit quality. The Directors do not expect any losses arising from the non-performance by these financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash and cash equivalents and banking facilities to support its business and operational activities. The Group has not experienced and does not expect to experience any difficulties in meeting credit obligations when they fall due.

Capital Expenditures

The Group incurred capital expenditures of approximately HK\$177.5 million for the year ended 31 March 2016, which were mainly related to the construction of the factory buildings and purchase of machinery for the second phase of our Vietnam Factory. These capital expenditures were fully financed by internal resources and borrowings.

Capital Commitments

The Group's capital commitments as at 31 March 2016 amounted to approximately HK\$191.9 million which were mainly related to the construction of the factory buildings and purchase of machinery for the second phase of our Vietnam Factory.

Operating Lease Commitments

As at 31 March 2016, the Group's total future minimum lease payments under non-cancellable operating leases amounted to approximately HK\$0.4 million, which is due within one year.

Charge on Assets

As at 31 March 2016, the Group's land use rights with carrying amount of HK\$17.2 million and land and buildings and leasehold improvements with total carrying amount of HK\$247.0 million were pledged to banks to secure certain banking facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liability as at 31 March 2016.

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on 12 April 2016. The net proceeds from the Company's issue of new shares, after deducting expenses relating specifically to the issue of new shares in the listing and expenses relating generally to the listing of all the Company's shares, amounted to approximately HK\$635.4 million. The net proceeds will be utilised in the manner consistent with that stated under the section headed "Future Plans and Use of Proceeds" of the prospectus dated 30 March 2016.

Significant Investments, Acquisitions and Disposals

During the year ended 31 March 2016, the Group had no significant investments, acquisitions and disposals.

Events after Balance Sheet Date

The material events after balance sheet date are disclosed in note 34 to the consolidated financial statements.

Financial Instruments

The Group did not have any outstanding hedging contracts or financial derivatives as at 31 March 2016.

Operating Segment Information

The Group's revenue and results for the years ended 31 March 2016 and 2015 were derived from manufacturing of knitwear products, which is considered as a single operating

segment in a manner consistent with the way in which information is reported internally to the Group's chief operating decision-makers for allocation of resources and performance assessment.

Human Resources and Emolument Policy

As at 31 March 2016, the Group had a total of approximately 8,100 full-time employees in the PRC, Vietnam and Hong Kong. For the year ended 31 March 2016, the total staff costs, including the directors' emoluments, amounted to HK\$607.3 million.

The Group's emolument policies are formulated based on the performance and experience of individual employee and in line with the salary trends in Hong Kong, the PRC and Vietnam. Other employee benefits include performance-related bonuses, insurance and medical coverage and share options. The details of the Company's share option scheme are set under the section of "Share Option Scheme" in the Directors' Report of this annual report.

Since human resources management is an important factor in maintaining and enhancing the Group's strong expertise in the manufacturing of knitwear products, the Group will provide appropriate training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different on-the-job training will be provided to employees in order to ensure continuous staff development and skills upgrading.

Remuneration Policy

The Directors and senior management of the Group receive compensation in the form of salaries and discretionary bonuses related to the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations. The remuneration committee will regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group.

Biographical Details of Directors and Members of Senior Management

EXECUTIVE DIRECTORS

Mr. Wong Ting Chung (王庭聰), *BBS, JP*, aged 54, was appointed as our Director on 11 August 2015 and was re-designated as executive Director on 29 January 2016. Mr. Wong is one of our founders, the chairman and chief executive officer of our Group and is primarily responsible for overall management and formation of corporate strategy of our Group. Mr. Wong has over 30 years of working experience in knitting industry. He established his business through Hang Cheong Knitting Factory* (恒昌織造廠), a factory engaged in the production of knitwear products, in 1982 and was responsible for overall management of the factory. Mr. Wong established our Group's business through Nameson Industrial Limited ("Nameson Industrial") in September 1990. Currently, Mr. Wong assumes various directorships in our Group, including Nameson Group Limited ("Nameson Group"), First Team (HK) Limited ("First Team (HK)"), Nameson Industrial, South Crown (H.K.) Limited ("South Crown"), Kingmax Industrial Limited ("Kingmax Industrial"), Winner Way Industrial Limited ("Winner Way") and Senico Industrial Limited ("Senico Industrial"). Mr. Wong is currently a delegate of the Hong Kong Special Administrative Region to the National People's Congress of the PRC (全國人民代表大會香港區代表) and the chairman of Hong Kong Industrial and Commercial Association 16th General Chamber Executive Committee (香港工商總會第十六屆會董會執行委員會). He graduated from Hong Kong Yee Tong Ye College (香港易通夜中學) in 1978. Mr. Wong is the brother of Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau, father of Mr. Wong Wai Yue and brother-in-law of Mr. Lau Ka Keung. Both of Mr. Wong Wai Wing, Raymond and Mr. Wong Ting Chun are our executive Directors, while Mr. Wong Ting Kau, Mr. Wong Wai Yue and Mr. Lau Ka Keung are our non-executive Directors.

Mr. Wong Wai Wing, Raymond (王惠榮), aged 46, was appointed as our Director on 11 August 2015 and was re-designated as executive Director on 29 January 2016. Mr. Wong is the chief operating officer of our Group and is primarily responsible for the operational management, research and development and sales strategy of our Group. Currently, Mr. Wong is also the director of Senico Apparel. Mr. Wong has over 17 years of working experience in the garment and hotel industries. He joined Nameson Industrial as a senior merchandising manager in March 1998 and was responsible for marketing plan development and the execution of marketing strategy. From May 2000 to December 2004, he served as a general manager in Japan Winner Way Knitting Factory (日本力運針織廠), where he was primarily responsible for operational management of the factory. From January 2005 to August 2007, he served as a director in the human resources division of our group, where he was primarily responsible for compensation and benefit, recruitment, training development and manpower management. From September 2007 to December 2014, he served as executive director in Kong Sing (HK) Limited (港昇(香港)有限公司), a company principally engaged in hospitality management, where he was primarily responsible for the management of Crown Plaza Huizhou and Grand Square Hotel Wuhu. Since February 2012, Mr. Wong has served as a committee member of the Chinese People's Political Consultative Conference in Huizhou City (中國人民政治協商會議惠州市政協). Mr. Wong was awarded as the Young Industrialist in 2015. Mr. Wong received his bachelor's degree in commerce from the University of Calgary in Canada in June 1996. He received his executive master's degree of business administration from the City University of Hong Kong in October 2014. Mr. Wong is the brother of Mr. Wong Ting Chung, Mr. Wong Ting Chun and Mr. Wong Ting Kau, uncle of Mr. Wong Wai Yue and brother-in-law of Mr. Lau Ka Keung. Both of Mr. Wong Ting Chung and Mr. Wong Ting Chun are our executive Directors, while Mr. Wong Wai Yue, Mr. Wong Ting Kau and Mr. Lau Ka Keung are our non-executive Directors.

Mr. Wong Ting Chun (王庭真), aged 50, was appointed as our Director on 30 August 2015 and was re-designated as executive Director on 29 January 2016. Mr. Wong is the chief production officer of our Group and is primarily responsible for the production management of our PRC Factory and Vietnam Factory. He joined our Group as the production manager of Nameson Industrial in November 1990 and was responsible for overseeing production and operations management. Currently, Mr. Wong assumes various directorships in our Group, including Nameson Group, First Team (HK), Huizhou Nanxuan Knitting Factory Limited (“Nanxuan Knitting”), Huizhou Jiaming Knitting Factory Limited (“Huizhou Jiaming”), Huizhou Liyun Knitting Factory Limited (“Huizhou Liyun”) and Huizhou Lihao Fashion Limited (“Huizhou Lihao”). Mr. Wong has over 30 years of working experience in knitting industry. He worked as a production technician in Hang Cheong Knitting Factory* (恒昌織造廠) from August 1982 to October 1990. In April 2009, he received the award of Model Worker of Huicheng District in Huizhou* (惠州市惠城區勞動模範) issued by Huizhou City Huicheng District Committee of Chinese Communist Party and Huizhou City Huicheng District People’s Government (中共惠州市惠城區委及惠州市惠城區人民政府). In January 2011, he received the award of Outstanding Individual of the Construction of Staff Library of Chinese Trade Unions* (全國工會職工書屋建設先進個人) issued by All-China Federation of Labour (中華全國總工會). Mr. Wong is the brother of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond and Mr. Wong Ting Kau, uncle of Mr. Wong Wai Yue and brother-in-law of Mr. Lau Ka Keung. Both of Mr. Wong Ting Chung and Mr. Wong Wai Wing, Raymond are our executive Directors, while Mr. Wong Wai Yue, Mr. Wong Ting Kau and Mr. Lau Ka Keung are our non-executive Directors.

Mr. Li Po Sing (李寶聲), aged 51, was appointed as our Director on 30 August 2015 and was re-designated as executive Director on 29 January 2016. Mr. Li is the chief sales officer of our Group. He is primarily responsible for the sales management for the European and US market. Mr. Li joined our Group as a sales manager in February 2000 and was promoted to the senior sales manager in January 2004. He was further promoted to the general merchandising manager in February 2006 and the director of sales and marketing department in April 2007. Prior to joining our Group, Mr. Li served as a merchandising executive at Creazioni Knitters Limited (翹迅針織有限公司) from June 1989 to November 1990. From January 1991 to June 1991, he served as a senior sales administrator at ESE Limited, a sales agency for electronic products, where he was primarily responsible for providing support services to sales department. From July 1991 to August 1992, he served as a production manager at High In Factory a sweater manufacturing company, where he was primarily responsible for production management. From August 1992 to July 1995, he served as a senior merchandiser at Vinnitsa HK Limited, a fashion agency, where he was primarily responsible for product development and production management. From August 1995 to August 1997, he served as a sales manager at Nice Harvest Knitters Limited, a sweater manufacturing company, where he was primarily responsible for production and logistic management. From June 1998 to January 2000, he served as a sales manager at Fambish Limited, a company primarily engaged in sweater manufacturing, where he was responsible for product development and sales. Mr. Li obtained his bachelor’s degree of arts in history from Hong Kong Baptist University (formerly known as Hong Kong Baptist College) in January 1992.

Ms. Chan Mei Hing, Aurora (陳美興), aged 40, was appointed as our Director on 30 August 2015 and was re-designated as executive Director on 29 January 2016. Ms. Chan is the finance director of our Group and is primarily responsible for corporate financial planning and treasury management of our Group. Ms. Chan joined our Group as a finance manager in November 2002 and was promoted to the senior manager of finance department in April 2005 and the finance director of finance department in April 2007. Prior to joining our Group, Ms. Chan served as an accountant at KPMG, an audit and business advisory firm, from September 1999 to October 2002. Ms. Chan received her bachelor’s degree in commerce from the University of British Columbia in Canada in May 1999 and her executive master’s degree of business administration from the Chinese University of Hong Kong in November 2013.

NON-EXECUTIVE DIRECTORS

Mr. Tam Wai Hung, David (譚偉雄), aged 66, was appointed as our Director on 30 August 2015 and was re-designated as non-executive Director on 29 January 2016. Mr. Tam has been a consultant of Nameson Group since June 2012 and is responsible for providing advice on various areas including financing, banking and risk management. Mr. Tam has more than 40 years of experience in commercial banking industry in Hong Kong and China. From January 1968 to March 1999, Mr. Tam worked in The Hongkong and Shanghai Banking Corporation and held various position including branch manager, district manager, manager in corporate banking and senior executive banking. From March 1999 to January 2012, Mr. Tam worked in Hang Seng Bank Limited and held various positions including assistant general manager, deputy general manager and chief risk officer. Mr. Tam is a director of Yantai Bank (煙台銀行), a city commercial bank in Yantai, Shandong Province, the PRC since December 2012. Mr. Tam is also an independent non-executive director of Xinyi Glass Holdings Limited, a company principally engaged in the production and sales of a wide range of glass products, listed on the main board of Stock Exchange (stock code: 868). Mr. Tam became a fellow member of the Institute of Bankers in the United Kingdom and the Hong Kong Institute of Bankers in October 1986 and July 1995 respectively. Mr. Tam received his associateship from the Institute of Bankers in the United Kingdom and completed the Financial Studies Diploma of the Chartered Institute of Bankers in the United Kingdom in December 1974 and August 1987 respectively. Mr. Tam received his master's degree in business administration from the University of Toronto Canada in June 1991.

Mr. Wong Ting Kau (王庭交), aged 54, was appointed as Director on 30 August 2015 and was re-designated as non-executive Director on 29 January 2016. Mr. Wong is one of the founders of our Group. Mr. Wong currently is the managing director of De Classie Fashion (Shenzhen) Company Limited (絨華貴族時裝(深圳)有限公司), a company principally engaged in apparel and knitwear retailing in China, and V. Success (HK) Limited (formerly known as Vast Success (HK) Limited) (保麗信(香港)有限公司(前稱麗信(香港)有限公司)), a company principally engaged in the manufacturing of footwear. Mr. Wong joined our Group as an executive director of Nameson Group in November 1990 and was promoted to the executive vice president in May 2002. He was further promoted to the managing director of Nameson Group in August 2006 and ceased to be the director in March 2013. Currently Mr. Wong has assumed various directorships in our Group, including Nameson Group, Nameson Industrial, South Crown, Kingmax Industrial, Winner Way, Senico Industrial, Nanxuan Knitting, Huizhou Jiaming, Huizhou Liyun and Huizhou Lihao. Currently, Mr. Wong is the vice chairman of Hong Kong Woollen and Synthetic Knitting Manufacturers' Association (香港羊毛化纖針織業廠商會) and the honorary chairman of Hong Kong Knitwear Innovation and Design Society (香港毛織創新及設計協會). Mr. Wong is the brother of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond and Mr. Wong Ting Chun, all of them are executive Directors. Mr. Wong is also the uncle of Mr. Wong Wai Yue and brother-in law of Mr. Lau Ka Keung, our non-executive Directors.

Mr. Wong Wai Yue (王槐裕), aged 33, was appointed as Director on 30 August 2015 and was re-designated as non-executive Director on 29 January 2016. Mr. Wong currently is an executive director of W&W Wealth Management Limited (華南財富管理有限公司), where he is responsible for wealth and investment management and investor relationship. From January 2007 to January 2015, Mr. Wong served as a director of Nameson Group, responsible for investment management. Mr. Wong obtained his bachelor's degree of science in computer science and the master's degree of science in international management from University of Exeter, United Kingdom in July 2005 and June 2006 respectively. Mr. Wong has served as the executive director of Hong Kong United Youth Association since July 2009 and the president of Hong Kong Industrial & Commercial Association-Youth Link since May 2012. Mr. Wong is also a committee member of the Chinese People's Political Consultative Conference Guangzhou City Haizhu District Committee (中國人民政治協商會議廣州市海珠區委員會) since August 2013. Mr. Wong is the son of Mr. Wong Ting Chung, our executive Director. Mr. Wong is also the nephew of Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau.

Mr. Lau Ka Keung (樓家強), *MH*, aged 41, was appointed as Director on 30 August 2015 and was re-designated as non-executive Director on 29 January 2016. Mr. Lau is currently the managing director of Cheer Happy (H.K.) Limited (怡展(香港)有限公司), Join Kong (H.K.) Limited (津港(香港)有限公司) and Chancy (Hong Kong) Limited (卓斯(香港)有限公司), companies which are principally engaged in property management and development, where he is responsible for operational management and real estate development. Mr. Lau joined our Group as an IT manager of Nameson Group in August 1999 and was promoted to vice president in April 2005. He was further promoted to executive director in August 2006 and left our Group in March 2013. Mr. Lau received his bachelor's degree (Honours) in IT from Manchester Metropolitan University, United Kingdom in July 1997 and his master's degree in business administration from University of Leicester, United Kingdom in July 2008. Mr. Lau has served as a committee member of the Chinese People Political Consultative Conference in Huizhou City (中國人民政治協商會議惠州市委員會) since January 2007. He is currently served as the 13th Tianjin Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議天津市第十三屆委員會). Mr. Lau is also an executive member of the 12th of All China Youth Federation (中華全國青年聯合會第十二屆常務委員會委員). Mr. Lau is the brother-in-law of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Fan Chiu Fun, Fanny (范椒芬), *GBS, JP*, aged 63, was appointed as independent non-executive Director on 29 January 2016. Ms. Fan is currently a delegate of the Hong Kong Special Administrative Region to the National People's Congress of the PRC (全國人民代表大會香港區代表), a member of the executive council of the government of Hong Kong Special Administrative Region, a special adviser to the China-US Exchange Foundation the chairman of the board of directors of the Hong Kong Science and Technology Parks Corporation, a director of the Fan Family Trust Fund and the honorary principal of Ningbo Huizhen Academy. Ms. Fan joined the board of CLP Holdings Limited, a company listed in the main board of Stock Exchange (stock code: 0002), as an independent non-executive director in August 2011 and resigned in April 2012. She rejoined the board of CLP Holdings Limited in August 2012. Ms. Fan also joined China Unicom (Hong Kong) Limited, a company listed in the main board of Stock Exchange (stock code: 0762), as independent non-executive director in November 2012. Ms. Fan has also been the independent non-executive director of DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited), a company listed in the main board of Stock Exchange (stock code: 0620) since December 2015. Prior to her retirement from the civil service in 2007, Ms. Fan was the Commissioner of the Hong Kong Independent Commission Against Corruption. During her 30 years working experience in the government departments, Ms. Fan has held various positions in the government of Hong Kong Special Administrative Region, including the director of the office of chief executive designate, the Commissioner for Transport of the Transport Department of Hong Kong, the secretary and permanent secretary of Education and Manpower Bureau of Hong Kong. Ms. Fan graduated from the University of Hong Kong with a bachelor's degree in science in 1975. She received a master degree in public administration from Harvard University, US in 1990 and a master degree in education from the Chinese University of Hong Kong in 2005.

Mr. Kan Chung Nin, Tony (簡松年), *BBS, JP*, aged 65, was appointed as independent non-executive Director on 29 January 2016. Mr. Kan founded Tony Kan & Co., Solicitors & Notaries in March 1984 and became the senior consultant in April 2014. Mr. Kan has been a practicing solicitor of the supreme court of Hong Kong since March 1982. Mr. Kan has been an independent non-executive director of Man Wah Holdings Limited since May 2013, a company listed in the main board of Stock Exchange (stock code:1999). Mr. Kan has been the non-executive director of Midland Holdings Limited, a company listed in the main board of Stock Exchange (stock code: 1200) since March 2014. Mr. Kan is a solicitor of the supreme court of England and Wales and a barrister and solicitor of the supreme court of the Australian Capital Territory as well as advocate and solicitor of the supreme court of the Republic of Singapore. He is also a China-Appointed Attesting Officer and a Notary Public in Hong Kong. Mr. Kan is currently a committee member of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會) and was a committee member of the Chinese People's Political Consultative Conference Guangdong Committee (中國人民政治協商會議廣東省委員會) for three consecutive terms. Mr. Kan is currently a member of the election committee of the chief executive of Hong Kong Special Administrative Region.

Biographical Details of Directors and Members of Senior Management (continued)

Mr. Ong Chor Wei (王祖偉), aged 46, was appointed as our independent non-executive Director on 29 January 2016. He has extensive experience in finance and accounting. Mr. Ong was, or has been, a director of the following listed companies in the last three years preceding 27 June 2016:

Period of Services	Name of the Companies	Principal business activities	Position	Responsibilities
December 2007 to present	Joyas International Holdings Limited, whose shares are listed on the Singapore Exchange (Stock Code: E9L)	Design, manufacture and sale of metal gift products and jewellery products	Non-executive director	Overseeing the management
June 2010 to present	Net Pacific Financial Holdings Limited, whose shares are listed on the Singapore Exchange (Stock Code: 5QY)	Provision of financing services	Executive director and chief executive officer	Day-to-day operations, strategic planning and major decision making
March 2014 to present	Zibao Metals Recycling Holdings Plc, whose shares are listed on the London Exchange (Stock Code: BO)	Trading of recyclable metal	Executive finance director	Overseeing the finance function within Zibao Metals Recycling Holdings Plc and its subsidiaries
March 2010 to present	Man Wah Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1999)	Production and sales of sofas	Non-executive director redesignated to Independent non-executive director	Board oversight and providing independent judgement
April 2010 to present	O-Net Communications (Group) Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 877)	Design, manufacturing and sale of optical networking subcomponents, modules and subsystem used in high-speed telecommunications and data communications	Independent non-executive director	Board oversight and providing independent judgement
November 2012 to present	Hong Wei (Asia) Holdings Company Limited, whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8191)	Manufacturing and sale of particle board	Non-executive director	Board oversight and providing independent judgement
November 2015 to present	Denox Environmental & Technology Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1452)	Manufacturing plate-type DeNox catalysts	Independent non-executive director	Board oversight and providing independent judgement

Biographical Details of Directors and Members of Senior Management (continued)

Mr. Ong received a bachelor of laws from The London School of Economics and Political Science in August 1990. Mr. Ong also received a distance learning degree in master of business administration which was jointly awarded by the University of Wales and the University of Manchester, United Kingdom in March 2000. Mr. Ong has been an associate of The Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Society of Accountants since December 1993 and October 1995, respectively.

Mr. Fan Chun Wah, Andrew (范駿華), aged 37, was appointed as our independent non-executive Director on 29 January 2016. Mr. Fan has been the managing director of C.W. Fan & Co. Limited (泛華會計師事務所有限公司) since November 2013 and the partner of C.W. Fan & Co. (泛華會計師行) since January 2006. Mr. Fan was, or has been, a director of the following companies in the last three years preceding 27 June 2016:

Period of Services	Name of the Companies	Principal business activities	Position	Responsibilities
February 2009 to March 2014	CIG Yangtze Ports PLC, whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8233)	Investment in and development, operation and management of container ports	Independent non-executive Director	Board oversight and independent management
March 2013 to July 2015	Milan Station Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1150)	Retail of handbags, fashion accessories and embellishments	Independent non-executive Director	Board oversight and independent management
January 2013 to present	Chuang's China Investments Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0298)	Property investment and development in Hong Kong and Mainland China	Independent non-executive Director	Board oversight and independent management
March 2013 to present	LT Commercial Real Estate Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0112)	Property development, property investment, securities investment, and finance activities in Hong Kong, Mainland China, and the US	Independent non-executive Director	Board oversight and independent management
March 2014 to present	Sinomax Group Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1418)	Marketing, manufacture, and distribution of visco-elastic health and wellness products	Independent non-executive Director	Board oversight and independent management
November 2014 to present	Fulum Group Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1443)	Operation of full-service restaurant chain serving Cantonese cuisine in Hong Kong and in Mainland China	Independent non-executive Director	Board oversight and independent management

Biographical Details of Directors and Members of Senior Management (continued)

Period of Services	Name of the Companies	Principal business activities	Position	Responsibilities
April 2015 to present	Culturecom Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0343)	Publishing comic books and provision of media content in Hong Kong, Mainland China, and Macau	Independent non-executive Director	Board oversight and Independent management
July 2015 to present	Hong Kong Resources Holdings Company Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2882)	Retail and franchise of gold and jewellery products in Mainland China, Hong Kong, and Macau	Independent non-executive Director	Board oversight and independent management
September 2015 to present	On Real International Holdings Limited, whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8245)	Design and manufacturer of two-way radio product	Independent non-executive Director	Board oversight and independent management

Mr. Fan received the bachelor of business administration in accounting and finance from the University of Hong Kong in December 1999 and the bachelor of laws from University of London as an external student in August 2007. In January 2003 and September 2011, Mr. Fan was admitted as a member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. He is also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan has been a member of the 10th and the 11th Zhejiang Province Committee of the Chinese People's Political Consultative Conference (中華人民共和國政治協商會議浙江省第十屆及第十一屆委員會) since 2008. He was a member of the 4th and the 5th Shenzhen Committee of the Chinese People's Political Consultative Conference (中華人民共和國政治協商會議廣東省深圳市第四屆及第五屆委員會) from 2008 to 2015.

Ms. Lee Bik Kee, Betty (李碧琪), aged 65, was appointed as our independent non-executive Director on 29 January 2016. Ms. Lee has over 45 years of experience in apparel and textile industry. Ms. Lee joined Telemac (Hong Kong) Ltd., a company principally engaged in the production of outerwear, as an executive secretary and senior merchandiser from September 1970 to November 1977, where she was engaged in merchandising role on outerwear production. From December 1977 to July 1980, Ms. Lee was the merchandising manager of H.I.S Sportswear Ltd. and was responsible for sourcing and production. From June 1981 to April 1989, she worked as a merchandising manager, then promoted to a senior merchandising manager and a director and subsequently promoted to executive director in Murjani Industries (HK) Ltd., where she was responsible for the overall operational management. From May 1989 to July 1990, Ms. Lee served as an executive vice president in Bonaventure Textiles Ltd., where she was responsible for production management. From August 1991 to January 2015, Ms. Lee worked as an executive vice president in Mast Industries (Far East) Limited and MGF Sourcing Far East Limited, each a garment sourcing agent respectively, where she was responsible for apparel procurement and production management. Ms. Lee graduated from Maryknoll Convent School with a commercial diploma in June 1969.

SENIOR MANAGEMENT

Mr. Tao Chi Keung (陶志強), aged 45, is the chief financial officer of our Group and the company secretary of our Company. He is primarily responsible for our Group's overall financial planning and reporting, financial risk management and company secretarial matters. Mr. Tao joined our Group on 30 August 2015. Mr. Tao possesses extensive experience in financial management and auditing and had held a number of senior positions prior to joining our Group. From July 1993 to February 1996, Mr. Tao worked as a staff accountant in Ernst & Young, where he was responsible for auditing. From March 1996 to May 1998, he was the accounting manager in Guocany Group Limited (formerly known as FT Holdings International Limited, a company listed in the main board of Stock Exchange (stock code: 559)), where he was responsible for accounting. From June 1998 to October 1999, Mr. Tao worked as an assistant manager in New World China Land Limited, a real estate company listed in the main board of Stock Exchange (stock code: 917), where he was responsible for several property development projects in the PRC. He worked in KPMG as a manager from October 1999 to March 2004, and PricewaterhouseCoopers as a senior audit manager from April 2004 to October 2009. From December 2009 to September 2010, Mr. Tao worked as a chief finance officer in Birdland (Hong Kong) Limited, where he was responsible for finance and accounting. From October 2010 to July 2011, Mr. Tao worked as a chief financial officer in Chiaus International Group Company Limited, an investment holding company engaged in, through its subsidiaries, manufacturing baby and children's care products, where he was responsible for financial management. From October 2011 to August 2015, Mr. Tao worked in Kinetic Mines and Energy Limited, a company listed in the main board of Stock Exchange (stock code: 1277), with the latest positions of company secretary and chief financial officer. Mr. Tao received his bachelor's degree in business administration from Hong Kong Baptist University (formerly known as Hong Kong Baptist College) in December 1993. Mr. Tao is currently a fellow and a practising Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Mr. Chan Yiu Tung (陳耀東), aged 45, is the merchandising director of our Group. He is primarily responsible for merchandising management for Japanese market in our Group. Mr. Chan joined our Group as a senior merchandiser in December 1997. In January 2003, he was promoted to the merchandising manager and later in April 2005, he was promoted to the sales manager. Further, in February 2006, he was promoted to the senior merchandising manager and in January 2008, he was promoted to merchandising director. Prior to joining our Group, from 1991 to 1996, Mr. Chan worked as a senior merchandiser in Products Union Garment Ltd, a company principally engaged in the manufacturer of garment. Mr. Chan passed Hong Kong Certificate of Education Examination in 1989.

Mr. Xie Mingqiang (謝明強), aged 45, is the assistant general manager of our PRC Factory. He is primarily responsible for the financial management and reporting, custom and government affairs in our PRC Factory. Mr. Xie joined our Group as an accounting manager of Nanxuan Knitting in February 1998 and responsible for accounting. Mr. Xie was promoted to the assistant general manager of the finance department in November 2005 and was responsible for financial management of PRC Factory. Prior to joining our Group, from September 1992 to January 1996, Mr. Xie worked in Meihua Oil Service Co., Ltd.* (美華石油服務有限公司) as manager and Huihui Technological Development Co., Ltd.* (輝卉科技開發有限公司) as financial manager from February 1996 to January 1998. Mr. Xie has been admitted as an accountant by Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in October 1995. Mr. Xie received his bachelor's degree in accounting from Sun Yat-Sen University (中山大學), Guangzhou in July 1992.

Mr. Lin Guoxin (林國新), aged 45, is the assistant general manager of our PRC Factory. He is primarily responsible for the production management in our PRC Factory. Mr. Lin joined our Group as a plant manager at Nanxuan Knitting in November 1995, where he was responsible for overseeing and managing the production process. He was promoted to assistant general manager of the production department in October 2005, where he was responsible for managing and supervising overall production operations in our PRC factory. Mr. Lin is the cousin of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau.

Mr. Mo Erjin (莫二金), aged 48, is the assistant general manager of our PRC Factory. He is primarily responsible for supervising sample development in our PRC Factory. Mr. Mo joined our Group as the chief of the technical centre in March 2003 and was further promoted to assistant general manager in January 2008 and was responsible for the management of the sample development in our PRC Factory. Prior to joining our Group, Mr. Mo served as a knitting technician at Foshan Zhangcha Knitting Factory (佛山張槎毛衫廠), from October 1986 to March 1989. From March 1989 to February 2002, he served as a knitting team leader at Laws Fashion Knitters Limited (羅氏針織有限公司).

For ease of reference, the names of companies and entities established in China have been included in this biographical details in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this biographical details and their English translations, the Chinese version shall prevail. English translations of company names in Chinese which are marked with "" are for identification purposes only.*

Corporate Governance Report

As the Company believes that good corporate governance can create value for its shareholders, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality board of Directors, sound internal controls and effective accountability to the shareholders as a whole.

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance. As the Company was not yet listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 March 2016, the CG Code was not applicable to the Company in the year under review. In the opinion of the Directors, save for the deviation from code provision A.2.1 which is explained below, the Company has complied with all the mandatory code provisions set out in the CG Code since the listing of its shares on the Main Board of the Stock Exchange on 12 April 2016 (the “Listing”).

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong Ting Chung (“Mr. Wong”) is the chairman and the chief executive officer of our Group. In view of the fact that Mr. Wong is one of the founders of the Group and has been assuming day-to-day responsibilities in operating and managing our Group since September 1990, the Board believes that it is in the best interest of our Group to have Mr. Wong taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group’s operations, sufficient checks and balances are in place and will not impair the balance of power and authority between the Board and the management of the Company.

The Board will continue to enhance its corporate governance practices to ensure that it complies with the CG Code and align with the latest developments.

DIRECTORS’ AND RELEVANT EMPLOYEES’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code for securities transactions by the Directors.

As the Company was not listed on the Stock Exchange in the year ended 31 March 2016, the Model Code was not applicable to the Company for the year ended 31 March 2016. All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company’s code of conduct since the Listing.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees was noticed by the Company.

THE BOARD OF DIRECTORS

Responsibilities of the Board

The Board is responsible for, and has general powers under the memorandum and articles of association of the Company for, the leadership and oversight of the Company's management and performance and the formulation and review of the Group's overall policies and strategies.

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, code provisions under the CG Code were not applicable to the Company in the year under review. After the Listing, the Board is also responsible for performing corporate governance duties, including the (i) development and review of the Company's policies and practices on corporate governance; and (ii) review of the Company's compliance with Appendix 14 to the Listing Rules and disclosure in the corporate governance report. All major decisions, including but not limited to those decisions affecting the finances and shareholders of the Company, such as financial statements, business acquisitions, major transactions and dividend policies, are made by the Board as a whole. Each Director is aware of his or her fiduciary duties and duties and responsibilities as a director under the Listing Rules, the CG Code and applicable laws and regulations; and has acted objectively for the benefit and in the best interests of the Company and its shareholders.

Decisions of the Board are communicated to the senior management through executive Directors. The day-to-day management, administration and operation of the Group are delegated to the executive Directors and an independent senior management team. The senior management team is also responsible for the supervision and execution of the Group's business plans. The Board reviews periodically the performance of the senior management team.

Certain functions and responsibilities are delegated to committees established by the Board. For details, please refer to the sub-sections headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

Composition of the Board

As at the date of this annual report, the Board comprises of five executive Directors, four non-executive Directors and five independent non-executive Directors whose names are listed below. Each member of the Board brings a wide spectrum of valuable experience, knowledge and expertise to the Board for its efficient and effective functioning.

Board of Directors	Date of appointment
Executive Directors	
Mr. Wong Ting Chung (<i>Chairman and Chief Executive Officer</i>) ⁽¹⁾	11 August 2015
Mr. Wong Wai Wing, Raymond ⁽¹⁾	11 August 2015
Mr. Wong Ting Chun ⁽¹⁾	30 August 2015
Mr. Li Po Sing ⁽¹⁾	30 August 2015
Ms. Chan Mei Hing, Aurora ⁽¹⁾	30 August 2015
Non-executive Directors	
Mr. Tam Wai Hung, David ⁽²⁾	30 August 2015
Mr. Wong Ting Kau ⁽²⁾	30 August 2015
Mr. Wong Wai Yue ⁽²⁾	30 August 2015
Mr. Lau Ka Keung ⁽²⁾	30 August 2015
Independent non-executive Directors	
Ms. Fan Chiu Fun, Fanny	29 January 2016
Mr. Kan Chung Nin, Tony	29 January 2016
Mr. Ong Chor Wei	29 January 2016
Mr. Fan Chun Wah, Andrew	29 January 2016
Ms. Lee Bik Kee, Betty	29 January 2016

Notes:

(1) Re-designated as executive Directors on 29 January 2016.

(2) Re-designated as non-executive Directors on 29 January 2016.

At all times since the Listing, the Company has complied with the requirements of the Listing Rules to have at least three independent non-executive Directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. Such requirements were not applicable to the Company in the year under review.

Having considered the factors for assessing the independence of independent non-executive Directors under Rule 3.13 of the Listing Rules and the written annual confirmations from each independent non-executive Director, the Board considers all of its independent non-executive Directors to be independent.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Company's Directors identifying their roles and functions is also available on the Company's website at www.namesonholdings.com and on the website of the Stock Exchange.

Terms of Appointment of Directors

Executive Directors and Non-executive Directors

Each of the executive Directors and non-executive Directors of the Company has entered into a service contract for an initial fixed term of three years commencing on 1 February 2016. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Independent non-executive Directors

Independent non-executive Directors of the Company were all appointed by the Company for an initial fixed term of three years commencing on 1 February 2016. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Nomination, Appointment, Re-election and Removal Procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's articles of association. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

The nomination committee of the Board has been established on 29 January 2016 to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skills and experience appropriate to meet the requirements of the Company. This committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skills, prior experience, character and other relevant aspects, including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies. Please refer to the sub-section headed "Nomination Committee" below for more details on the nomination committee of the Board.

Board Practices and Conduct of Meetings

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, the code provisions in relation to the holding of board meetings in the CG Code were not applicable to the Company in the year under review.

The Board plans to have at least four regular Board meetings at approximately quarterly intervals during the year ending 31 March 2017 in compliance with the requirements of the CG Code. Since the Listing, Directors have been or will be given the opportunity to include matters in the agenda for Board meetings with notices of regular Board meetings given or to be given at least 14 days in advance. Directors are or will be allowed to seek independent professional advice in appropriate circumstances at the Company's expenses.

Directors are encouraged to make a full and active contribution to the Board's affairs and to voice out their views and concerns. Directors are supplied with sufficient information and given sufficient time for discussion to ensure that Board decisions fairly reflect Board consensus.

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested. Subject to the articles of association of the Company, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested.

Minutes of Board meetings and meetings of Board committees containing sufficient detail of the matters considered and decisions reached, including any concerns raised or dissenting views expressed, are sent to each Director for their review, comment and records within a reasonable time after each meeting. Final versions of such minutes are kept by the company secretary of the Company and are open for inspection by Directors upon reasonable notice.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wong Ting Chung serves as the chairman and chief executive officer of the Company. He is responsible for the overall management of business and formation of corporate strategy of our Group. With the support of the executive Directors and the company secretary, the chairman approves the agenda for, and chairs, Board meetings to ensure that all key and appropriate issues are discussed in a timely manner, including any matters proposed by other Directors. He is responsible for the effective functioning of the Board, including but not limited to taking steps to ensure that all Directors are properly briefed on issues arising at Board meetings, providing all Directors with adequate information which is accurate, clear, complete and reliable in a timely manner, communicating shareholders' views to the Board as a whole and promoting a culture of openness and constructive debate during Board meetings.

BOARD COMMITTEES

Audit Committee

The audit committee of the Board was established on 29 January 2016 with written terms in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board. The audit committee consists of one non-executive Director, Mr. Tam Wai Hung, David, and three independent non-executive Directors, namely, Mr. Ong Chor Wei (chairman of the audit committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. Kan Chung Nin, Tony, and Mr. Fan Chun Wah, Andrew. The written terms of reference of this committee has been made available on the Company's website at www.namesonholdings.com and on the website of the Stock Exchange.

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, no audit committee meetings were held in the year under review.

An audit committee meeting was held on 27 June 2016 to consider and review, among other things, the Group's annual results and annual report for the year ended 31 March 2016. It was attended by Mr. Ong Chor Wei, Mr. Kan Chung Nin, Tony, Mr. Tam Wai Hung, David and Mr. Fan Chun Wah, Andrew.

Remuneration Committee

The remuneration committee of the Board was established on 29 January 2016 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the CG Code. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for the remuneration of all of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the share option scheme of the Company. The remuneration committee consists of one executive Director, Mr. Wong Ting Chung and two independent non-executive Directors, Mr. Kan Chung Nin, Tony (chairman of the remuneration committee) and Mr. Ong Chor Wei. The written terms of reference of this committee has been made available on the Company's website at www.namesonholdings.com and on the website of the Stock Exchange.

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, no remuneration committee meetings were held in the year under review.

Nomination Committee

The nomination committee of the Board was established on 29 January 2016 with written terms of reference in compliance with paragraph A5 of the CG Code. It is responsible for determining the policy for the nomination of directors, identifying and recommending to the Board appropriate candidates to serve as Directors, evaluating the structure and composition of the Board and developing, recommending to the Board and monitoring nomination guidelines for the Company. The nomination committee consists of one executive Director, Mr. Wong Ting Chung (chairman of the nomination committee) and two independent non-executive Directors, Mr. Kan Chung Nin, Tony and Mr. Ong Chor Wei. The written terms of reference of this committee has been made available on the Company's website at www.namesonholdings.com and on the website of the Stock Exchange.

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, no nomination committee meetings were held in the year under review.

Board Diversity

The Company recognises and embraces the importance and benefit achieving diversity on the Board has on corporate governance and board effectiveness. It will monitor Board composition with regard to its diversity policy which requires board appointments to be made on a merit basis with due regard for the benefits of the diversity of Board members. Selection of candidates will be based on a wide range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The nomination committee will develop measurable objectives to implement the board diversity policy and monitor the progress in achieving these objectives.

EXTERNAL AUDITOR'S REMUNERATION

The remuneration paid to PricewaterhouseCoopers, the external auditor of the Company in respect of the audit and non-audit services related to the Listing amounted to HK\$4.1 million.

During the year ended 31 March 2016, the total fees paid/payable in respect of services provided by PricewaterhouseCoopers are set out below:

Services rendered	Fees paid/payable HK\$'000
Audit services	2,486
Non-audit services	243

THE COMPANY SECRETARY

The company secretary plays a role in supporting the Board by ensuring good information flow within the Board and also that Board policy and procedures are followed. The company secretary is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters and should also facilitate induction and professional development of Directors. Specific enquiry has been made to the company secretary of the Company, Mr. Tao Chi Keung ("Mr. Tao"), and Mr. Tao has confirmed that he has complied with the relevant qualifications, experience and training requirements under the Listing Rules.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged Directors' and Officers' Liability insurance for its Directors and senior management. The insurance covers the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of corporate activities.

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

As the Company was not listed on the Stock Exchange for the year ended 31 March 2016, code provision A.6.5 of the CG Code was not applicable to the Company in the year under review. However, according to the records of the Company, all Directors attended training sessions on duties and responsibilities of directors of companies listed on the Stock Exchange in the year under review. The training sessions were presented by Sidley Austin and covering topics on corporate governance, inside information, notifiable transactions and connected transactions.

INVESTOR COMMUNICATIONS AND SHAREHOLDERS' RIGHTS

The Company considers timely communication to shareholders and/or investors and transparent reporting as key components of good corporate governance.

The Company aims to maintain frequent and timely communication with its shareholders and/or investors through a variety of communication channels, including but not limited to general meetings, annual and interim reports and official announcements. General meetings provide a platform for shareholders to exchange views with the Board and the Directors are available to answer questions at the Company's annual general meetings. Shareholders will be sent a copy of the annual and interim reports or be notified of the release of such reports. Annual and interim reports are accessible on the website of the Stock Exchange and the Company's website at www.namesonholdings.com, where general information on the Group's business and activities is available for public access. Official announcements will be released from time to time in accordance with the Listing Rules to update our shareholders and/or investors with the latest developments of the Group.

Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively.

Pursuant to Clause 58 of the Company's existing articles of association, 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 may deposit a written requisition (the "Written Requisition") to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Written Requisition. Such meeting shall be held within two months after the deposit of the Written Requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

Shareholders and investors are also welcome to submit any enquiries to the Board and suggestions or proposals at general meetings directly to the Company's principal place of business in Hong Kong as provided in the section "Corporate Information" in this annual report.

CONSTITUTIONAL DOCUMENTS

The amended and restated articles of association of the Company has been conditionally adopted on 29 January 2016 with effect from the date of Listing.

The Company has published its memorandum of association and amended and restated articles of association on the Company's website at www.namesonholdings.com and on the website of the Stock Exchange.

ACCOUNTABILITY

The Directors have included a management discussion and analysis of the Group's performance for the year ended 31 March 2016 under the section headed "Management Discussion and Analysis" of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Group has an internal control system which plays an important role in maintaining and improving accountability and transparency in the conduct of the Group's business, safeguarding the interests of the Company's shareholders and the assets of the Group and enhancing investor confidence. On the other hand, the Group improves its business and operational activities by identifying the areas of significant risks and taking appropriate measures to manage and mitigate these risks. The management of the Company reviews the significant control policies and procedures and highlights all significant matters to the audit committee and the Board on a regular basis.

We have adopted the following corporate governance measures to enhance our internal control system and to be better positioned to comply with various applicable rules and regulations:

- (a) Guotai Junan Capital Limited is appointed as our compliance adviser to advise us on compliance matters in accordance with the Listing Rules;
- (b) Reed Smith Richards Butler, our Hong Kong legal adviser, is appointed to advise us on Hong Kong laws and regulations and compliance matters in accordance with the Listing Rules;
- (c) VILAF, our Vietnamese legal adviser, is appointed to advise us on Vietnamese laws and regulations;
- (d) training in relation to our employees' obligations to contribute to their part of the social insurance and housing provident funds is provided to them on a regular basis in order to comply with the applicable PRC laws and regulations;
- (e) Mr. Xie Mingqiang, a member of our senior management, is appointed to monitor our on-going compliance with the social insurance plan and housing provident fund contribution regulations and other relevant PRC laws and regulations and to oversee the implementation of any necessary measures;
- (f) training programs and/or updates regarding the relevant PRC, Vietnam and Hong Kong laws and regulations applicable to our business operations and directors' responsibilities respectively are provided to our Directors and senior management on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance; and
- (g) an internal control manager is appointed to oversee our internal controls in Hong Kong, PRC and Vietnam to ensure our Group's on-going compliance with the relevant legal and regulatory requirements.

The Company's audit committee is responsible for monitoring the effectiveness of the Group's risk management and internal control system and its compliance with the Listing Rules.

The Board has conducted a review of the effectiveness of the Group's risk management and internal control system and considered that it is adequate and effective.

Happy Family Assets Limited, Nameson Investments Limited, Mr. Wong Ting Chung, Mr. Wong Ting Kau and Mr. Wong Ting Chun (the "Covenantors") have entered into a deed of non-competition dated 24 March 2016 in favour of the Company and its subsidiaries, pursuant to which each of the Covenantors has undertaken that it/he and its/his respective close associates (other than any members of our Group) will not directly or indirectly engage, participate, compete, invest or otherwise be interested in or acquire or hold any restricted business unless such restricted business has first been offered or made available to the Group, and the Group, after review and approval by an independent Board committee of the Company comprising only of independent non-executive Directors who do not have a material interest in such restricted business, has declined to pursue such opportunity.

For details of the above-mentioned deed of non-competition, please refer to the prospectus of the Company dated 30 March 2016.

The Directors are of the view that the measures in place are sufficient to safeguard the interests of the Company and its shareholders against any competition issues or potential competition issues.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 March 2016 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year ended 31 March 2016. The Directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and reflect amounts which are based on best estimates and reasonable and appropriate judgments of the Board. Such acknowledgement should be read in conjunction with, but be distinguished from, the statement of the external auditor of the Company, PricewaterhouseCoopers, in relation to their reporting responsibilities as set out in their auditor's report on pages 50 to 51 of this annual report. The Directors are also responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

GOING CONCERN

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis.

SENIOR MANAGEMENT REMUNERATION BY BANDS

The remuneration of the Company's senior management, whose biographies are set out on pages 24 to 25 of this annual report, for the year ended 31 March 2016 is set out below:

	Number of Individuals
Remuneration bands	
HK\$Nil — HK\$500,000	2
HK\$500,000 — HK\$1,000,000	2
HK\$1,000,000 — HK\$1,500,000	1

Directors' Report

The board (the "Board") of directors (the "Directors") of Nameson Holdings Limited (the "Company") is pleased to present the annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016.

CORPORATE REORGANISATION AND INITIAL PUBLIC OFFERING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 August 2015 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Through a series of group reorganisation procedures, the Company became the holding company of the Group when the reorganisation was completed on 21 March 2016. Details of the group reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" to the prospectus of the Company dated 30 March 2016 (the "Prospectus").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016 (the "Listing Date").

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are the manufacturing of knitwear products. Particulars of the principal activities of the Company's principal subsidiaries are set out in note 11 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group principal activities during the year ended 31 March 2016.

BUSINESS REVIEW

A business review of the Group for the year ended 31 March 2016 and its future development is set out in the chairman's statement from pages 4 to 7 and management discussion and analysis from pages 8 to 15 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated income statement on page 52 of this annual report.

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2016.

DONATIONS

Charitable and other donations made by the Group for the year ended 31 March 2016 amounted to approximately HK\$3.5 million (2015: HK\$4.2 million).

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in the reserves of the Group and the Company during the year ended 31 March 2016 are set out in note 28 and note 32 to the consolidated financial statements respectively.

As at 31 March 2016, the Company's reserves available for distribution to equity shareholders in accordance with its articles of association and the laws of the Cayman Islands amounted to approximately HK\$623.5 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

BORROWINGS

Details of the borrowings of the Group as at 31 March 2016 are set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company for the year ended 31 March 2016 are set out in note 27 to the consolidated financial statements.

Pursuant to the capitalisation issue, the global offering and the exercise of the over-allotment option of the Company, 2,074,998,878 ordinary shares were issued in April 2016. Please refer to the Prospectus and the Company's announcement on full exercise of the over-allotment option dated 25 April 2016 for details of the afore-mentioned movements in the issued share capital.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2016 attributable to the Group's major customers and suppliers are as follows:

Revenue from sales of goods attributable to:	
— the largest customer	58.0%
— five largest customers in aggregate	93.4%
Purchases attributable to:	
— the largest supplier	41.7%
— five largest suppliers in aggregate	68.7%

None of the Directors, or any of their close associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital), had any interest in any of the five largest customers or suppliers of the Group during the year ended 31 March 2016.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the four years ended 31 March 2016 are set out on page 116 of this annual report. This summary does not form part of the audited financial statements.

DIRECTORS

The Directors during the year ended 31 March 2016 and up to the date of this annual report are as follows:

	Date of appointment
Executive Directors	
Mr. Wong Ting Chung (<i>Chairman and chief executive officer</i>) ⁽¹⁾	11 August 2015
Mr. Wong Wai Wing, Raymond ⁽¹⁾	11 August 2015
Mr. Wong Ting Chun ⁽¹⁾	30 August 2015
Mr. Li Po Sing ⁽¹⁾	30 August 2015
Ms. Chan Mei Hing, Aurora ⁽¹⁾	30 August 2015
Non-executive Directors	
Mr. Tam Wai Hung, David ⁽²⁾	30 August 2015
Mr. Wong Ting Kau ⁽²⁾	30 August 2015
Mr. Wong Wai Yue ⁽²⁾	30 August 2015
Mr. Lau Ka Keung ⁽²⁾	30 August 2015
Independent non-executive Directors	
Ms. Fan Chiu Fun, Fanny	29 January 2016
Mr. Kan Chung Nin, Tony	29 January 2016
Mr. Ong Chor Wei	29 January 2016
Mr. Fan Chun Wah, Andrew	29 January 2016
Ms. Lee Bik Kee, Betty	29 January 2016

Notes:

(1) Re-designated as executive Directors on 29 January 2016.

(2) Re-designated as non-executive Directors on 29 January 2016.

In accordance with article 83(3) of the Company's articles of association, Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun, Mr. Li Po Sing, Ms. Chan Mei Hing, Aurora, Mr. Tam Wai Hung, David, Mr. Wong Ting Kau, Mr. Wong Wai Yue, Mr. Lau Ka Keung, Ms. Fan Chiu Fun, Fanny, Mr. Kan Chung Nin, Tony, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew and Ms. Lee Bik Kee, Betty, will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

All Directors are subject to retirement by rotation at least once every three years but are eligible for re-election by shareholders at the annual general meeting of the Company pursuant to article 84 of the Company's articles of association.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Director and non-executive Director has entered into a service contract with the Company for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The independent non-executive Directors have been appointed for a term of three years in accordance with their respective letters of appointment with the Company, which may be terminated by not less than three months' notice in writing served by either party on the other.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the independent non-executive Directors to be independent in accordance with Rule 3.13.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed continuing connected transactions below and in note 31 to the consolidated financial statements, no transactions, arrangements or contracts of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries, or in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2016.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company was in force during the year ended 31 March 2016 and up to the date of this annual report.

CONTINUING CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 March 2016 is contained in note 31 to the consolidated financial statements.

The following transactions between certain connected parties (as defined in the Listing Rules) and the Company which will continue after the Listing constitute continuing connected transactions under Chapter 14A of the Listing Rules.

- (1) On 1 February 2016, our Company entered into a master hotel services agreement (the "Master Hotel Services Agreement") with Huizhou Gangsheng Property Co., Ltd. ("Huizhou Gangsheng"), pursuant to which our Company agreed to engage Huizhou Gangsheng or its subsidiaries to provide hotel accommodation, catering and event hosting services to our Group, for a term commencing from 1 February 2016 to 31 March 2018.

Our Directors estimate that the maximum amount of annual purchases by our Group from Huizhou Gangsheng or its subsidiaries under the Master Hotel Services Agreement will not exceed HK\$2.6 million and HK\$2.8 million for the two years ending 31 March 2017 and 2018 respectively.

Huizhou Gangsheng is owned as to 99.5% by Kong Sing (H.K.) Limited and 0.5% by Huizhou Yuefu Properties Company Limited. Kong Sing (H.K.) Limited is a wholly owned subsidiary of Brand Master Limited, which is a wholly owned subsidiary of Winnermax Management Limited and in turn wholly owned by our controlling shareholders. Huizhou Yuefu Properties Company Limited is owned as to 52.0% by Mr. Lin Guoxian, the cousin of Mr. Wong Ting Chung, an executive Director of our Company, and 48.0% by Ms. Wang Xiaoxia, an independent third party. As such, Huizhou Gangsheng is a connected person of our Company for the purpose of the Listing Rules.

- (2) On 1 February 2016, our Company entered into a consultation service agreement (the "Consultation Service Agreement") with Mr. Tam Wai Hung, David ("Mr. Tam"), a non-executive Director of our Company, pursuant to which Mr. Tam agreed to provide advisory services in financing, banking and marketing areas to support our business expansion and development in Hong Kong, the PRC and Vietnam. The term of the Consultation Service Agreement is from 1 February 2016 to 31 March 2018.

Under the Consultation Service Agreement, a quarterly service fee of HK\$250,000 will be payable by us to Mr. Tam. Accordingly, the consultation service fee payable under the Consultation Service Agreement will not exceed HK\$1.0 million for each of the two years ending 31 March 2017 and 2018.

As Mr. Tam is a non-executive Director of our Company, he is a connected person of our Company for the purpose of the Listing Rules.

- (3) On 1 January 2016, Nameson Industrial Limited, Kingmax Industrial Limited, Winner Way Industrial Limited and First Team (HK) Limited, the Company's wholly-owned subsidiaries, entered into a tenancy agreement (the "Tenancy Agreement") with Hanyi Investments Limited ("Hanyi Investments"), pursuant to which Hanyi Investments agreed to lease to us a property and carparks (the "Property") situated at Units A–C, 21/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The Property is for factory and ancillary office use. The Tenancy Agreement has a term commencing from 1 January 2016 to 31 March 2018 at an annual rent of HK\$2,785,200.

Our Directors estimate that the maximum transaction amount under the Tenancy Agreement will not exceed HK\$2,785,200 for each of the two years ending 31 March 2017 and 2018.

Hanyi Investments is a wholly-owned subsidiary of Winnermax Management Limited, which is in turn wholly owned by our controlling shareholders. As such, Hanyi Investments is a connected person of our Company for the purpose of the Listing Rules.

Our Directors (including the independent non-executive Directors) have reviewed and confirmed that the continuing connected transactions in respect of the Master Hotel Services Agreement, Consultation Service Agreement and Tenancy Agreement have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of our Company and the shareholders as a whole. Our Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps in respect of the continuing connected transactions under the Master Hotel Services Agreement, Consultation Service Agreement and Tenancy Agreement are fair and reasonable and in the interests of our Company and the shareholders as a whole.

For details on the Master Hotel Services Agreement, Consultation Service Agreement and Tenancy Agreement, please refer to the section headed "Connected Transactions" to the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

For the year ended 31 March 2016, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and Section 352 of the SFO were not applicable to the Directors and chief executive of the Company, as the Company was not listed on the Stock Exchange until 12 April 2016.

On the date of completion of the exercise of the over-allotment option granted by the Company in connection with its listing, being 28 April 2016, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long position in the Ordinary Shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding ⁽²⁾
Mr. Wong Ting Chung ⁽¹⁾	Beneficiary of a trust	1,500,000,000	72.3%
Mr. Wong Wai Wing, Raymond ⁽¹⁾	Beneficiary of a trust	1,500,000,000	72.3%
Mr. Wong Ting Chun ⁽¹⁾	Beneficiary of a trust	1,500,000,000	72.3%
Mr. Wong Ting Kau ⁽¹⁾	Beneficiary of a trust	1,500,000,000	72.3%

Note 1: Mr. Wong Ting Chung is the settlor, the protector and one of the beneficiaries of the Happy Family Trust, while Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau are beneficiaries of the Happy Family Trust. Therefore, they are deemed under the SFO to be interest in the shares held under the Happy Family Trust.

Note 2: The calculation is based on the total number of issued ordinary shares of 2,075,000,000 shares as at 28 April 2016.

Save as disclosed above, immediately after the listing and the issue and allotment of the over-allotment shares on 28 April 2016, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme (as defined below), at no time during the period from the Listing Date to the date of this annual report was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporations or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2016, none of the Directors had any interest in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DEED OF NON-COMPETITION

Each of the Company's controlling shareholders have confirmed to the Company that he/it had complied with the deed of non-competition, as defined in the Prospectus, and he/it had not been offered or become aware of any business opportunity which may compete with the business of the Group, during the period from the Listing Date to the date of this annual report.

SHARE OPTION SCHEME

The Company has approved and adopted a share option scheme on 29 January 2016 (the "Share Option Scheme"). After the listing, the eligible participants may be granted share options pursuant to the Share Option Scheme. The following is a summary of the principal terms of the Share Option Scheme.

(a) Purpose

The purposes of the Share Option Scheme are to provide incentives to eligible participants to contribute to the Company through the grant of option(s) to subscribe for the Company's shares and with the view to achieving the following objectives:

- (i) motivate the eligible participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Eligible participants

The eligible Participants include (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries; (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and (iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

(c) Maximum number of shares

The maximum number of shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme and any other share option scheme of the Company (if any) shall not in aggregate exceed 10% of the shares in issue (i.e. a maximum of 200,000,000 shares) as at the Listing Date, provided that:

- (i) the maximum number of shares may be renewed, with the approval of the shareholders in a general meeting, up to a maximum of 10% of the issued share capital of the Company at the date of such shareholders' approval, inclusive of the maximum number of shares in respect of which options may be granted under another scheme, if any;
- (ii) the Company may obtain a separate approval from the Company's shareholders in a general meeting to permit the granting of options which will result in the number of shares in respect of all the options granted exceeding the then maximum number of shares provided that such options are granted only to eligible participants specifically identified by the Company before shareholders' approval is sought (in which case such options granted shall not be counted towards the then applicable maximum number of shares); and
- (iii) the total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under another scheme shall not exceed 30% of the issued share capital of the Company from time to time.

As at the date of this annual report, a total of 200,000,000 shares (representing 10% of the issued share capital of the Company immediately after the listing) may be issued upon exercise of all options which may be granted under the Share Option Scheme.

(d) Maximum entitlement of each eligible participant

Unless approved by the shareholders in a general meeting (with the relevant eligible participant and his/her close associates abstaining from voting), no eligible participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such eligible participant in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time.

An offer of the grant of an option to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value, based on the official closing price of the shares at the date of each grant, in excess of HK\$5.0 million,

such further grant of options will be subject to the issue of a circular by the Company and must be approved by the shareholders in general meeting on a poll. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(e) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$0.01 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(g) Subscription price

The subscription price in respect of any option shall be a price determined by the Board and notified to an eligible participant (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) which must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or
- (iii) the nominal value of the shares.

(h) Ranking of shares

The shares to be allotted upon the exercise of an option will be subject to all the provisions of the articles of association for the time being in force and will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights. Shares issued on the exercise of an option shall not rank for any rights attaching to the shares by reference to a record date preceding the date of allotment.

The shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (such other person nominated by the grantee) as the holder thereof.

(i) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period commencing on the Listing Date and ending on the tenth anniversary of the Listing Date, after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

During the period from the Listing Date to the date of this annual report, no option was granted under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

For the year ended 31 March 2016, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company, as the Company was not listed on the Stock Exchange until 12 April 2016.

So far as known to the Directors and chief executive of the Company and on the date of completion of the exercise of the over-allotment option granted by the Company in connection with its listing, being 28 April 2016, the following persons or corporations (other than our Directors and chief executive of our Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of substantial shareholders	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding ⁽⁶⁾
Nameson Investment Limited ⁽¹⁾	Beneficial owner	1,500,000,000	72.3%
Happy Family Assets Limited ⁽¹⁾	Interest in a controlled corporation	1,500,000,000	72.3%
East Asia International Trustees Limited ⁽¹⁾	Trustee of a trust	1,500,000,000	72.3%
Ms. Wang Kam Chu ⁽²⁾	Interest of spouse	1,500,000,000	72.3%
Ms. Kwan Ying Tsi, Catherine ⁽³⁾	Interest of spouse	1,500,000,000	72.3%
Ms. Tsoi Suet Ngai ⁽⁴⁾	Interest of spouse	1,500,000,000	72.3%
Ms. Chan Ka Wai ⁽⁵⁾	Interest of spouse	1,500,000,000	72.3%

Notes:

- (1) Nameson Investments Limited is wholly owned by Happy Family Assets Limited, the holding vehicle incorporated in the British Virgin Islands used by East Asia International Trustees Limited, the trustee of the Happy Family Assets Limited which is a trust established by Mr. Wong Ting Chung as the settlor and the protector. Accordingly, each of Happy Family Assets Limited and Mr. Wong Ting Chung is deemed under the SFO to be interested in the shares held by Nameson Investments Limited.
- (2) Ms. Wang Kam Chu is the spouse of Mr. Wong Ting Chung and is therefore deemed under the SFO to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chung.
- (3) Ms. Kwan Ying Tsi, Catherine is the spouse of Mr. Wong Wai Wing, Raymond and is therefore deemed under the SFO to be interested in the shares held, directly or indirectly, by Mr. Wong Wai Wing, Raymond.
- (4) Ms. Tsoi Suet Ngai is the spouse of Mr. Wong Ting Chun and is therefore deemed under the SFO to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chun.
- (5) Ms. Chan Ka Wai is the spouse of Mr. Wong Ting Kau and is therefore deemed under the SFO to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Kau.
- (6) The calculation is based on the total number of issued ordinary shares of 2,075,000,000 shares immediately after the listing and the issue and allotment of the over-allotment shares on 28 April 2016.

Save as disclosed above, immediately after the listing and the issue and allotment of the over-allotment shares on 28 April 2016, the Directors and chief executive of the Company were not aware of any other person or corporation having an interest and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 March 2016 or subsisted as at 31 March 2016.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or substantial part of the business of the Group were entered into or existed during the year ended 31 March 2016.

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

During the period from the Listing Date to the date of this annual report, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the initial public offering (after deducting the underwriting fees and related listing expenses) amounted to approximately HK\$635.4 million, which are intended to be used for the purposes disclosed in the Prospectus.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes participated by the Group are set out in note 9 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the directors and senior management of the Company are set out on pages 16 to 25 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. As the Company was not listed on the Stock Exchange in the year ended 31 March 2016, the Model Code was not applicable to the Company for the year ended 31 March 2016. Having made specific enquiries of all the Directors of the Company, all the Directors confirmed that they have complied with the required standards of dealings as set out in the Model Code during the period from the Listing Date to the date of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules. As the Company was not yet listed on the Stock Exchange for the year ended 31 March 2016, the CG Code was not applicable to the Company in the year under review. The Board is of the view that the Company is in compliance with the mandatory code provisions of the CG Code during the period from the Listing Date to the date of this annual report.

For details of the Corporate Governance Report, please refer to pages 26 to 35 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of the Company's issued shares since the Listing Date and up to the date of this annual report.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2016 is scheduled to be held on Monday, 29 August 2016. A notice convening the annual general meeting will be issued and disseminated to the Company's shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 August 2016 to Monday, 29 August 2016, both days inclusive. During such period, no transfer of the Company's shares will be registered. In order to be entitled to attend and vote at the Company's forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 23 August 2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Policies

We are committed to implement policies in environmental protection in order to conserve natural resources. We strive to minimise our environmental impact through reducing electricity and water consumption and encouraging recycle of office supplies and other materials. We are also committed to ensure that the Group is in strict compliance with the applicable environmental laws and regulations of the jurisdictions where our factories are located.

Compliance with Laws and Regulations

The Group's operations and production are mainly carried out by the Company's subsidiaries in Hong Kong, China and Vietnam. The operations of the Group are subject to relevant local laws and regulations in Hong Kong, China and Vietnam. During the period from the Listing Date and to the date of this annual report, the Board is not aware of any material non-compliance with relevant local laws and regulations in all material respects.

Workplace Quality

We believe that employees constitute one of the valuable assets of the Group and regard human resources as the Group's corporate wealth. The Group offers employees with competitive remuneration packages and provides additional bonus in accordance with their performance and contributions to the growth and development of the Group. The Group provides on-the-job training and development opportunities to enhance employees' career progression, these training programs cover different areas such as management skills, sales and production, and other courses relating to the Group and the industry.

We are dedicated to promoting equal opportunities for all of our employees and do not discriminate on the basis of personal characteristics. All employees are assessed based on their ability, performance and contribution, irrespectively of their nationality, race, religion, gender, age or family status. The Group has employee handbooks outlining terms and conditions of employment, employees' rights and benefits, duties and responsibilities, conducts and behavior.

Health and Safety

The Group is committed to the health and safety of our employees and provides a safe and effective working environment. We pledge full compliance with all occupational health and safety legislation, and our factory in China is in full compliance with ISO 9001 requirements. The Group values the health and well-being of our employees. We supply free first-aid kits and medicine to our employees and they are entitled to medical insurance benefits.

Development and Training

The Group is committed to the professional and personal development and growth of employees and considers development and training as a continual process. We offer and encourage employees at all levels to participate in various internal and external courses in order to promote the advancement of their job-related skills. Our employees are provided with fair opportunities for adequate learning, trainings and promotions.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group maintains solid and steady relationship with its customers and provides products which satisfy their needs and requirements. The Group enhances the relationship by continuous interaction with customers to gain insights on market demand and consumer needs so that the Group could respond proactively. The Group also maintains close relationship with its suppliers. This leads to a high degree of cooperative development and enables the Group to deliver the high-quality solutions as required and expected by our customers.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed for shareholders' approval at the forthcoming annual general meeting.

On behalf of the Board

Wong Ting Chung

Chairman and Chief Executive Officer

27 June 2016

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF NAMESON HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Nameson Holdings Limited (the "Company") and its subsidiaries set out on pages 52 to 115, which comprise the consolidated balance sheet as at 31 March 2016 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 June 2016

Consolidated Income Statement

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	5	2,765,521	2,567,667
Cost of sales	7	(2,155,569)	(1,994,299)
Gross profit		609,952	573,368
Other income	6	13,749	20,617
Other (losses)/gains, net	8	(510)	27,642
Selling and distribution expenses	7	(57,669)	(52,304)
General and administrative expenses	7	(267,798)	(235,202)
Operating profit		297,724	334,121
Finance income	10	1,657	1,756
Finance expenses	10	(27,967)	(21,992)
Finance expenses, net		(26,310)	(20,236)
Profit before income tax		271,414	313,885
Income tax expenses	12	(39,527)	(40,539)
Profit for the year attributable to owners of the Company		231,887	273,346
Earnings per share attributable to the owners of the Company during the year			
— basic and diluted (HK cents)	13	15.46	18.22

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Profit for the year		231,887	273,346
Other comprehensive income, net of tax:			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>			
— Currency translation differences		(40,948)	6,016
— Fair value gains on available-for-sale financial assets	18	12	74
Total comprehensive income for the year attributable to owners of the Company		190,951	279,436

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
ASSETS			
Non-current assets			
Land use rights	15	44,871	48,792
Property, plant and equipment	16	847,841	874,910
Investment properties	17	2,416	2,550
Deferred income tax assets	26	768	809
Available-for-sale financial assets	18	139,867	154,490
Prepayments, deposits, other receivables and other assets	21	49,768	34,534
		1,085,531	1,116,085
Current assets			
Inventories	19	422,244	475,821
Trade receivables	20	42,550	38,697
Prepayments, deposits, other receivables and other assets	21	40,062	34,991
Amounts due from related companies	22	–	11,307
Amounts due from shareholders	22	–	366,128
Current income tax recoverable		37	18
Pledged bank deposits	23	–	8,242
Cash and cash equivalents	23	221,637	333,740
		726,530	1,268,944
Total assets		1,812,061	2,385,029
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	27	–	–
Paid-in capital	27	–	337,335
Reserves	28	657,293	784,000
Total equity		657,293	1,121,335

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (continued)

As at 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	24	170,960	142,716
Deferred income tax liabilities	26	434	852
		171,394	143,568
Current liabilities			
Trade and bills payables	25(a)	128,276	141,002
Accruals and other payables	25(b)	77,502	85,590
Current income tax liabilities		92,906	87,252
Borrowings	24	684,690	764,664
Derivative financial instruments		–	41,618
		983,374	1,120,126
Total liabilities		1,154,768	1,263,694
Total equity and liabilities		1,812,061	2,385,029
Net current (liabilities)/assets		(256,844)	148,818

The financial statements on pages 52 to 115 were approved by the Board of Directors on 27 June 2016 and were signed on its behalf.

Wong Ting Chung

Chairman, Chief Executive Officer and Executive Director

Wong Wai Wing, Raymond

Executive Director

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to the owners of the Company			
	Share capital (Note 27)	Paid-in capital	Reserves (Note 28)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2015	–	337,335	784,000	1,121,335
Profit for the year	–	–	231,887	231,887
Other comprehensive income:				
– Gain on revaluation of available-for-sale financial assets (Note 18)	–	–	12	12
– Currency translation difference	–	–	(40,948)	(40,948)
	–	–	(40,936)	(40,936)
Total comprehensive income	–	–	190,951	190,951
Transactions with owners				
Issue of ordinary shares and effects of reorganisation	–	(337,335)	344,342	7,007
Dividends (Note 14)	–	–	(562,000)	(562,000)
Return of shareholder's contribution (Note 28(i))	–	–	(100,000)	(100,000)
As at 31 March 2016	–	–	657,293	657,293

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2016

	Attributable to the owners of the Company		
	Paid-in capital HK\$'000	Reserves (Note 28) HK\$'000	Total HK\$'000
As at 1 April 2014	336,982	831,564	1,168,546
Profit for the year	–	273,346	273,346
Other comprehensive income:			
– Gain on revaluation of available-for-sale financial assets (Note 18)	–	74	74
– Currency translation difference	–	6,016	6,016
	–	6,090	6,090
Total comprehensive income	–	279,436	279,436
Transactions with owners			
Dividend (Note 14)	–	(427,000)	(427,000)
Share capital injection	353	–	353
Contribution from shareholder (Note 29(c))	–	100,000	100,000
As at 31 March 2015	337,335	784,000	1,121,335

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	442,714	537,804
Interest paid		(28,339)	(22,364)
Income tax paid		(34,270)	(3,999)
Net cash generated from operating activities		380,105	511,441
Cash flows from investing activities			
Purchase of property, plant and equipment		(193,512)	(221,468)
Purchase of leasehold land and land use rights		–	(31,019)
Addition to investment properties		–	(261)
Decrease of short-term bank deposits		–	1,306
Proceeds from disposals of property, plant and equipment		1,118	1,325
Purchase of available-for-sale financial assets		–	(63,018)
Dividend income from available-for-sale financial assets		3	15
Decrease/(increase) in pledged bank deposits		8,242	(173)
Interest received		1,657	1,756
Net (increase)/decrease in amounts due from related companies and shareholders		(144,065)	106,918
Net cash used in investing activities		(326,557)	(204,619)
Cash flows from financing activities			
Proceeds from new borrowings		2,211,050	2,365,265
Repayments of borrowings		(2,243,279)	(2,155,136)
Repayments of finance lease obligations		(19,501)	(27,648)
Dividends paid		(120,000)	(427,000)
Cash flows from the reorganisation in relation to disposal of building and cash dividend paid	1.2(c) & 29(b)	14,000	–
Cash flows from the reorganisation in relation to acquisition of companies comprising the Group and disposal of excluded business	1.2(e)	(1,907)	–
Decrease in amount due to a related company		–	(35,875)
Net cash used in financing activities		(159,637)	(280,394)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		333,740	305,887
Exchange difference on cash and cash equivalents		(6,014)	1,425
Cash and cash equivalents at end of the year	23	221,637	333,740

The notes on pages 59 to 115 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1.1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 August 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing of knitwear products (the "Knitwear Business" or the "Listing Business"). The ultimate holding company of the Company is Happy Family Assets Limited. The Knitwear Business was collectively controlled by Mr. Wong Ting Chung, Mr. Wong Ting Kau and Mr. Wong Ting Chun (the "Controlling Shareholders").

These financial statements are presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

1.2 REORGANISATION

In preparation for the listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange (the "Listing"), the Group underwent the reorganisation which principally involved the following:

- (a) On 11 August 2015, the Company was incorporated in the Cayman Islands and is ultimately controlled by the Controlling Shareholders.
- (b) In December 2015, the Company acquired the entire equity interests of Nameson Group Limited from its shareholders for an aggregate consideration of HK\$623,000,000, assuming completion of reorganisation steps of (c) to (e) below. The consideration was settled by issuance of the Company's shares.
- (c) In December 2015, Nameson Group Limited acquired the entire issued share capital of Senico Industrial Limited at a consideration of HK\$78,000,000, subsequent to the disposal of an industrial premise previously owned by Senico Industrial Limited to Hanyi Investments Limited and payment of dividend resulting in a net cash inflow of HK\$14,000,000 to Senico Industrial Limited. The consideration of HK\$78,000,000 was settled by Nameson Group Limited by the way of transferring certain excluded business which are unrelated to the Listing Business (the "Excluded Business") previously owned by Nameson Group Limited. The assets, liabilities and results of operations of the Excluded Business have not been included in the financial statements for all the years presented.
- (d) In December 2015 and January 2016, Nameson Holdings Limited (incorporated in BVI) transferred all the issued share capital of Winner Way Industrial Limited and Huizhou Liyun Knitting Fty. Ltd. to Nameson Group Limited at an aggregate consideration of HK\$498,000,000. The consideration was settled by issuance of the Company's shares.
- (e) Nameson Group Limited acquired other companies comprising the Group and disposed Excluded Business, at net consideration of approximately HK\$1,907,000 payable to the Controlling Shareholders. The assets, liabilities and results of operations of the acquired companies have been included in the financial statements for all the years presented and the assets, liabilities and results of operations of the Excluded Business have been excluded in the financial statements for all the years presented.

After the completion of the reorganisation steps (b) to (e) as described above on 21 March 2016, the Company became the holding company of the subsidiaries now comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The companies comprising the Group, engaging in the Knitwear Business, were under common control of the Controlling Shareholders, immediately before and after the reorganisation. The transactions as described in Note 1.2 above are merely a reorganisation of the Listing Business with no change in management and the Controlling Shareholders of the Listing Business remains the same. Accordingly, the consolidated financial statement of the Company and the Listing Business is prepared in accordance with HKFRS 10, "Consolidated Financial Statements", issued by the HKICPA, using the carrying values of assets and liabilities of the Listing Business.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

As of 31 March 2016, the Group's net current liabilities were approximately HK\$256,844,000. Taking into consideration of the Group's continuous cash flows generated from operating activities and proceeds from the Listing on 12 April 2016, the Directors conclude there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and to meet its financial obligations as and when required. Therefore the directors consider the use of the going concern assumption in preparing the financial statements for the year ended 31 March 2016 as appropriate.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term referred to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4.

- (a) The following new and amended standards and interpretations of HKFRS are mandatory for the financial year beginning 1 April 2015:

HKAS 19 (2011) (Amendment)	Employment Benefit
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvement 2011–2013 Cycle

The adoption of these new and amended standards did not result in a significant impact on the results and financial position of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the financial statements.

- (c) The new standards, amendments to standards and interpretations relevant to the Group which have been issued, but are not effective for the financial year beginning 1 April 2015 and have not been early adopted:

		Effective for accounting period beginning on or after
HKFRS 10 and HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKFRSs (Amendment)	Annual Improvements 2012–2014 Cycle	1 January 2016
HKAS 1 (Amendment)	Financial Statements Presentation Regarding Materiality, Aggregation and Subtotals	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in process of making an assessment of the impact of these new standards and amendments to standards upon initial application but is not yet in a position to determine whether or not the adoption will have a significant impact on the Group’s results or financial position or presentation and disclosures of certain information in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combination*

Except for the reorganisation set out in Note 1.2 to the consolidated financial statements, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and senior management led by the Group's Chief Executive Officer ("C.E.O.") that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other (losses)/gains, net".

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.5 Property, plant and equipment

Land and buildings comprise mainly manufacturing factories and offices. Leasehold land classified as finance leases and all other property, plant and equipment other than construction in progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction in progress represents buildings and leasehold improvements in which construction work has not been completed and plant, machinery and equipment pending for installation. It is carried at cost which includes construction expenditures and other direct costs less any impairment losses. On completion, construction in progress is transferred to the appropriate categories of property, plant and equipment at cost less accumulated impairment losses, if any. No depreciation is provided for construction in progress until it is completed and available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	2.5% to 4%
Leasehold improvements	5% to 20%
Plant and machinery	10% to 12.5%
Furniture, fixtures and other equipment	12.5% to 20%
Motor vehicles and yacht	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains, net' in the consolidated income statement.

2.6 Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 44-50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of leases.

2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment property is initially recognised at cost and subsequently carries at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated using a straight-line method to allocate the depreciation amounts over the estimated useful lives, as follows:

Leasehold land	the remaining lease term
Buildings	2.5%

The residual value and useful life of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and loss on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, deposits, other receivables, other assets, pledged bank deposits and cash and cash equivalents in the consolidated balance sheet.

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair values are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

2.9.2 Recognition and measurement (Continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains or losses on disposal of available-for-sale financial assets.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established. The fixed and determinable returns on debt instruments classified as available for sale are recognised in the consolidated income statement as part of "Other (losses)/gains, net".

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

Derivative financial assets are classified as current assets if they are expected to be realised within 12 month after the balance sheet date. Derivative financial liabilities are classified as current liabilities if they are due to be settled within 12 months after the balance sheet date.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Employee benefits

The Group operates various post-employment schemes, including defined contribution pension plans and post-employment medical plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.22 Provisions

Provisions for environmental restoration, restructuring costs and legal claims 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, type of transactions and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the period of the lease.

(d) Dividend income

Dividend income is recognised when the right to receive the payment is established.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.25 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest-rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group used derivative financial instruments to manage certain risk exposures occasionally.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong, Mainland China and Vietnam with majority of the transactions settled in HK\$, Chinese Renminbi ("RMB") and US dollar ("US\$"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to RMB and US\$ since a substantial portion of our operating expenses are denominated in RMB while most of the sales are denominated in US\$. Since HK\$ is pegged with US\$, management is of the opinion that the foreign exchange risk arising from US\$ is insignificant.

There were no outstanding forward foreign currency contracts as at 31 March 2016.

As at 31 March 2016, certain bank balances and deposits as detailed in Note 23 are denominated in RMB. If HK\$ has weakened/strengthened by 5% against RMB, with all other variables held constant, the profit before tax for the year would have been approximately HK\$2,386,000 (2015: HK\$1,422,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RMB denominated bank balances and deposits.

(b) Cash flow interest-rate risk

The Group has no significant interest-bearing assets except for bank deposits, details of which are disclosed in Note 23. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which are disclosed in Note 24. Borrowings carried at floating rates expose the Group to cash flow interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 March 2016 if the interest rates on borrowings had been 50 basis points higher/lower, with all other variables held constant, the profit before tax for the year would have been approximately HK\$4,278,000 (2015: HK\$4,496,000) lower/higher, mainly as a result of higher/lower interest expense on floating-rate borrowings.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Credit risk

As at 31 March 2016, all the bank balances and deposits as detailed in Note 23 are held with major financial institutions located in Hong Kong, Mainland China and Vietnam which the directors believe are of high credit quality. The directors do not expect any losses arising from non-performance by these counterparties.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers, taking into account their financial position, past experience and other factors. The Group's credit sales are generally on credit terms within 60 days. Normally the Group does not require collaterals from trade debtors. As at 31 March 2016, the Group's largest debtor accounted for 42% (2015: 39%) of the Group's total trade receivables. The existing debtors have no significant default in the past. The Group's historical experience in collection of receivables generally falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made. The directors do not expect any major impairment on trade receivables, and receivables from other counterparties.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements are mainly for additions of property, plant and equipment, and payment for purchases, operating expenses and dividends. The Group mainly finances its working capital requirements through internal resources and bank borrowings.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the utilisation of bank and other borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table represent the contractual undiscounted cash flows.

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(d) Liquidity risk** (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2016				
Trade and bills payables	128,276	–	–	128,276
Accruals and other payables	35,060	–	–	35,060
Short-term bank borrowings	268,778	–	–	268,778
Long-term bank borrowings	196,971	117,670	177,198	491,839
Finance lease obligations	26,174	43,857	43,857	113,888
	655,259	161,527	221,055	1,037,841
At 31 March 2015				
Trade and bills payables	141,002	–	–	141,002
Accruals and other payables	34,455	–	–	34,455
Short-term bank borrowings	278,278	–	–	278,278
Long-term bank borrowings	178,743	162,961	221,677	563,381
Finance lease obligations	19,789	16,233	68,963	104,985
	652,267	179,194	290,640	1,122,101

As at 31 March 2016, the Group has no outstanding derivative financial instruments and therefore no maturity analysis is disclosed.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(e) Price risk

The Group is exposed to price risk arising from its investments in equity securities which are classified on the consolidated balance sheet as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its investment portfolio.

The equity securities invested by the Group are publicly traded in the Hong Kong Stock Exchange.

At 31 March 2016 and 2015, the impact of the fluctuation in the price of the equity securities invested by the Group on the Group's equity would not be significant.

The fair value of the unlisted investments will fluctuate, subject to the returns which are at the discretion of the issuer of the investments. Such investments have a minimum guaranteed returns during the holding period. Management is of the opinion that the price risk arising from these investments is insignificant.

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets including bank balances and cash, deposits, receivables, other assets, amounts due from related companies and amounts due from shareholders; and current financial liabilities including payables and borrowings approximate their fair values due to their short maturities. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The carrying value of financial instruments measured at fair value at the balance sheet date are categorised among the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value Measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair values at 31 March 2016 and 2015.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2016				
Assets				
Available-for-sale financial assets				
– Listed securities	345	–	–	345
– Unlisted investments	–	–	139,522	139,522
	345	–	139,522	139,867
As at 31 March 2015				
Assets				
Available-for-sale financial assets				
– Listed securities	333	–	–	333
– Unlisted investments	–	–	154,157	154,157
	333	–	154,157	154,490
Liabilities				
Derivative financial liabilities	–	41,618	–	41,618

There were no transfers among levels 1, 2 and 3 during the year ended 31 March 2016 (2015: same).

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity securities listed on the Hong Kong Stock Exchange classified as available-for-sale financial assets.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table represents the changes in level 3 instruments for the years ended 31 March 2016 and 2015:

	2016 HK\$'000	2015 HK\$'000
Beginning of the year	154,157	115,997
Additions	–	63,018
Disposals	(20,500)	(30,059)
Net gains on investments	5,865	5,201
End of the year	139,522	154,157

These unlisted investments in level 3 represent unlisted key management insurance policies. Their fair value is determined by reference to the expected returns from such policies which are primarily based on the financial performance and market price of the underlying portfolio taking into consideration the respective guaranteed minimum returns. Consideration is also placed on the pattern of crystallising the contracts and surrender charges, if any.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions to shareholder, issue new shares or sell assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including finance lease obligations) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet, plus net debt.

3 FINANCIAL RISK MANAGEMENT (Continued)**3.3 Capital risk management** (Continued)

The gearing ratios at 31 March 2016 and 2015 were as follows:

	2016	2015
	HK\$'000	HK\$'000
Total borrowings	855,650	907,380
Less: cash and cash equivalents	(221,637)	(333,740)
Net debt	634,013	573,640
Total equity	657,293	1,121,335
Total capital	1,291,306	1,694,975
Gearing ratio	49.10%	33.84%

The increase in gearing ratio from 33.84% as at 31 March 2015 to 49.10% as at 31 March 2016 was primarily due to the decrease in total equity as a result of the distribution of dividends (Note 14) and the increase in net debt in line with the development of the Vietnam Factory.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

(a) Useful lives, residual values and depreciation of property, plant and equipment

Management of the Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives or residual values are different from those previously estimated. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses the estimates at each balance sheet date.

(d) Impairment of financial assets

The Group's management determines the provision for impairment of financial assets based on an assessment of the recoverability of the financial assets. The amount is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

(e) Valuation of available-for-sale financial assets and amortisation period of prepayments for insurance premium

The fair value of available-for-sale financial assets which primarily represent unlisted key management insurance policies that are not traded in an active market is determined by reference to the expected return from such policies which in turn is mainly derived from the financial performance and market price of the underlying portfolio.

The management of the Group determines the estimated amortisation period of prepayments for insurance premium for the unlisted key management insurance policies, with reference to the estimated years that the Group intends to hold the investments. Management will revisit the amortisation charge where holding period is different from those previously estimated. Periodic review could result in a change in amortisation period and therefore amortisation charges in the future years.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(f) Current and deferred income tax

The Group is subject to income taxes in Hong Kong, Mainland China and Vietnam. Judgement is required in determining the provision for income taxes in different jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group operates mainly in Hong Kong, Mainland China and Vietnam and has transactions with customers and suppliers in different countries. The Group's inter-company transactions and cross-border business arrangements during the ordinary course of business may impose inherent uncertainty over the Group's profit allocation and its respective tax position across different jurisdictions. The tax treatments of these transactions or arrangements may be subject to the interpretation by respective tax authorities in different countries. The Group also recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes may be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimates are changed.

5 SEGMENT INFORMATION

During the year, the Group has principally engaged in the manufacturing of knitwear products.

The Group has been operating in a single operating segment, i.e. manufacturing of knitwear products.

Management monitors the operating performance of its business as a whole for the purpose of resources allocation and performance assessment.

The Board assesses the performance of the operating segment based on a measure of profit before income tax.

(a) Revenue by location of goods delivery

	2016 HK\$'000	2015 HK\$'000
Japan	1,137,067	929,463
North America	744,762	812,150
Europe	415,144	357,494
Mainland China	169,960	171,066
Other countries	298,588	297,494
	2,765,521	2,567,667

5 SEGMENT INFORMATION (Continued)**(b) Non-current assets**

	2016	2015
	HK\$'000	HK\$'000
Hong Kong	61,218	51,939
Mainland China	504,618	666,579
Vietnam	379,060	242,268
	944,896	960,786

The non-current asset information above is based on the location of the assets and excludes deferred income tax assets and available-for-sale financial assets.

(c) Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group is as follows:

	2016	2015
	HK\$'000	HK\$'000
Customer A	1,605,283	1,341,695
Customer B	586,985	583,101
Customer C	N/A	289,980

The five largest customers accounted for approximately 93.4% (2015: 92.3%) of revenue for year ended 31 March 2016.

6 OTHER INCOME

	2016	2015
	HK\$'000	HK\$'000
Sample sales income	9,824	16,780
Rental income from investment properties	780	720
Rental income from properties occupied by employees	1,068	1,502
Dividend income from listed available-for-sale financial assets	3	15
Others	2,074	1,600
	13,749	20,617

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and general and administrative expenses are analysed as follows:

	2016 HK\$'000	2015 HK\$'000
Advertising and promotion expenses	6,604	4,993
Amortisation of land use rights (Note 15)	1,147	1,038
Auditor's remuneration (excluding listing related services)		
– audit services	2,486	1,816
– non-audit services	243	210
Depreciation (Note 16)		
– owned property, plant and equipment	159,099	172,059
– property, plant and equipment held under finance leases	11,709	1,199
Depreciation of investment properties (Note 17)	134	121
Employment benefit expenses (including directors' emoluments) (Note 9)	607,286	492,661
Trading merchandise, raw materials and consumables used	1,048,375	982,619
Changes in inventories of finished goods and work-in-progress	38,508	20,176
(Reversal of)/provision for impairment of inventories	(1,295)	9,885
Subcontracting charges	318,494	346,210
Commission expenses	6,674	5,131
Transportation charges	17,152	16,558
Sample charges	15,848	15,837
Donations	3,530	4,159
Operating lease rental in respect of land and buildings	1,149	438
Listing expenses	28,818	1,614
Utilities expenses	45,512	36,279
Others	169,563	168,802
Total cost of sales, selling and distribution expenses and general and administration expenses	2,481,036	2,281,805

8 OTHER (LOSSES)/GAINS, NET

	2016 HK\$'000	2015 HK\$'000
Realised and unrealised (losses)/gains from derivative financial instruments	(12,316)	26,475
Net foreign exchange gains/(losses)	5,691	(4,516)
Net gains on investments (Note 18)	5,865	5,201
Net gains on disposals of property, plant and equipment	250	482
	(510)	27,642

9 EMPLOYMENT BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

Employment benefit expenses, including directors' emoluments, consist of:

	2016 HK\$'000	2015 HK\$'000
Wages, salaries, commission, allowances, bonus, welfare and other benefits	544,967	481,899
Pension costs — defined contribution plans	62,319	10,762
	607,286	492,661

(a) Pension costs — defined contribution plans

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HK\$1,500 and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement schemes for certain of its employees in Mainland China. The Group's employees make monthly contributions to the schemes at approximately 8.5% to 10.5% of the relevant income (comprising wages, salaries, allowances and bonus), while the Group contributes 17% to 21.5% of such income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

The Group participates in a retirement scheme for qualified employees of its subsidiary in Vietnam. Under the retirement scheme, the Group's employees make monthly contributions to the scheme at 10.5% of relevant income (comprising wages and salaries), while the Group contributes 22% of such income. The Group has no further obligations for post-retirement benefits beyond the contributions.

The Group has no material obligation for post-retirement benefits beyond contributions to the above schemes.

9 EMPLOYMENT BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)*(Continued)***(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2016 include five (2015: four) directors whose emoluments are reflected in Note 33 to the consolidated financial statements. The emoluments payable to the remaining one individual during the year ended 31 March 2015 is as follows:

	2015 HK\$'000
Basic salaries and bonuses	2,787
Pension cost — defined contribution plans (Note 9(a))	18
	2,805

No directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or compensation for loss of office.

10 FINANCE EXPENSES, NET

	2016 HK\$'000	2015 HK\$'000
Finance income		
Interest income from:		
— Bank deposits	1,657	1,756
Finance expenses		
Interest expense on:		
— Bank borrowings	(25,212)	(21,807)
— Finance lease obligations	(2,755)	(185)
	(27,967)	(21,992)
Finance expenses, net	(26,310)	(20,236)

11 SUBSIDIARIES

The following are details of the principal subsidiaries at 31 March 2016:

Company Name	Place of incorporation and type of legal entity	Issued and paid up capital	Effective interest held (%)		Principal activities/ place of operation
			2016	2015	
Directly owned:					
Nameson Group Limited	The British Virgin Islands ("BVI"), limited liability company	US\$10	100%	100%	Investment holding, Hong Kong
Indirectly owned:					
Nameson Industrial Limited	Hong Kong, limited liability company	HK\$3,000,000	100%	100%	Manufacturing of knitwear products, Hong Kong
Kingmax Industrial Limited	Hong Kong, limited liability company	HK\$60,000	100%	100%	Manufacturing of knitwear products, Hong Kong
Winner Way Industrial Limited	Hong Kong, limited liability company	HK\$60,000	100%	100%	Manufacturing of knitwear products, Hong Kong
First Team (HK) Limited	Hong Kong, limited liability company	HK\$1	100%	100%	Manufacturing of knitwear products, Hong Kong
First Team (Vietnam) Garment Limited	Vietnam, limited liability company	US\$45,012,074	100%	100%	Manufacturing of knitwear products, Vietnam
Huizhou Nanxuan Knitting Fty. Ltd.	The People's Republic of China ("The PRC"), wholly foreign owned enterprise	US\$30,000,000	100%	100%	Manufacturing of knitwear products, the PRC
Huizhou Nanguan Knitting Fty.	The PRC, processing materials factory	N/A	100%	100%	Manufacturing of knitwear products, the PRC
Huizhou Liyun Knitting Fty. Ltd.	The PRC, wholly foreign owned enterprise	HK\$337,216,000	100%	100%	Manufacturing of knitwear products, the PRC
Huizhou Lihao Fashion Limited	The PRC, wholly foreign owned enterprise	HK\$65,000,000	100%	100%	Manufacturing of knitwear products, the PRC

12 INCOME TAX EXPENSES

For the year ended 31 March 2016, Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year and the Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at a rate of 25% (2015: 25%) on estimated assessable profits.

The Group's subsidiary in Vietnam was subjected to preferential business income tax ("BIT") at the rate of 20% (standard BIT rate: 22%) till 31 December 2015. Since 1 January 2016, the preferential BIT rate is lowered to 17% (standard BIT rate: 20%). According to the investment certificate, the subsidiary is subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiary is entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and is eligible for a 50% reduction in the BIT rate in the 4 years thereafter. No income tax has been provided for the subsidiary in Vietnam since the subsidiary has no assessable profit for the years ended 31 March 2016 and 2015.

	2016 HK\$'000	2015 HK\$'000
Hong Kong profits tax		
– Current taxation	16,295	17,719
– Overprovision in prior years	–	(585)
China corporate income tax	23,609	22,680
Deferred taxation (Note 26)	(377)	725
	39,527	40,539

The difference between the actual income tax charged to the consolidated income statement and the amounts which would result from applying the enacted tax rates to profit before income tax can be reconciled as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before income tax	271,414	313,885
Tax calculated at domestic tax rates applicable to profits in the respective countries	57,393	69,170
Income not subject to tax	(281,284)	(302,583)
Expenses not deductible for tax purposes	260,547	272,937
Overprovision in prior years	–	(585)
Others	2,871	1,600
Income tax expenses	39,527	40,539

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 March 2016 and 2015 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue. The calculation of the basic and diluted earnings per share for the years were adjusted retrospectively for the capitalisation issue of 1,499,998,878 shares taken place on 12 April 2016 (Note 27(ii)) as the capitalisation issue occurred after the reporting period but before the consolidated financial statements are authorised for issue. Accordingly, the weighted average number of ordinary shares was adjusted to 1,500,000,000 for all the years presented.

	2016	2015
Profit attributable to the owners of the Company (HK\$'000)	231,887	273,346
Weighted average number of ordinary shares in issue ('000)	1,500,000	1,500,000
Basic earnings per share (HK cents)	15.46	18.22

(b) Diluted

Diluted earnings per share for the years ended 31 March 2016 and 2015 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

14 DIVIDENDS

Upon the Stock Exchange granting an in-principle approval for the Listing and the Board proceeding with the Listing, a special dividend of HK\$442,000,000 was declared and settled against amounts due from related companies and shareholders on 21 March 2016. This is a non-cash transaction.

Dividend of HK\$120,000,000 during the year ended 31 March 2016 (2015: HK\$427,000,000) represented dividends declared by the companies now comprising the Group to the equity holders of these companies before the group reorganisation for the Listing, after elimination of intra-group dividends.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

At the board meeting held on 27 June 2016, the directors do not recommend the payment of any final dividend for the year ended 31 March 2016.

15 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2016 HK\$'000	2015 HK\$'000
Beginning of the year	48,792	18,811
Additions	–	31,019
Exchange differences	(2,774)	–
Amortisation (Note 7)	(1,147)	(1,038)
End of the year	44,871	48,792

Bank borrowings are secured by certain land use rights with carrying amounts of HK\$17,183,000 (2015: HK\$18,319,000) as of 31 March 2016 (Note 24(c)).

16 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and other equipment HK\$'000	Motor vehicles and yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 1 April 2014							
Cost	538,437	33,686	1,355,351	16,325	34,697	–	1,978,496
Accumulated depreciation	(211,632)	(23,146)	(887,614)	(12,188)	(18,631)	–	(1,153,211)
Net book amount	326,805	10,540	467,737	4,137	16,066	–	825,285
Year ended 31 March 2015							
Opening net book amount	326,805	10,540	467,737	4,137	16,066	–	825,285
Additions	69,314	453	133,761	4,256	11,528	–	219,312
Disposals	–	–	–	–	(843)	–	(843)
Exchange difference	–	–	4,414	–	–	–	4,414
Depreciation (Note 7)	(20,659)	(802)	(142,437)	(1,831)	(7,529)	–	(173,258)
Closing net book amount	375,460	10,191	463,475	6,562	19,222	–	874,910
At 31 March 2015							
Cost	607,751	34,139	1,492,167	20,581	43,116	–	2,197,754
Accumulated depreciation	(232,291)	(23,948)	(1,028,692)	(14,019)	(23,894)	–	(1,322,844)
Net book amount	375,460	10,191	463,475	6,562	19,222	–	874,910

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and other equipment HK\$'000	Motor vehicles and yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Year ended 31 March 2016							
Opening net book amount	375,460	10,191	463,475	6,562	19,222	-	874,910
Additions	-	-	42,259	6,003	51	129,224	177,537
Disposals	(5,086)	-	(199)	-	(669)	-	(5,954)
Exchange difference	(12,390)	(349)	(10,975)	(256)	(95)	(3,779)	(27,844)
Depreciation (Note 7)	(21,838)	(671)	(139,301)	(2,380)	(6,618)	-	(170,808)
Closing net book amount	336,146	9,171	355,259	9,929	11,891	125,445	847,841
At 31 March 2016							
Cost	595,361	33,791	1,454,129	26,327	42,041	125,445	2,277,094
Accumulated depreciation	(259,215)	(24,620)	(1,098,870)	(16,398)	(30,150)	-	(1,429,253)
Net book amount	336,146	9,171	355,259	9,929	11,891	125,445	847,841

	2016 HK\$'000	2015 HK\$'000
Depreciation charged in consolidated income statement:		
— Cost of sales	158,875	161,810
— General and administrative expenses	11,933	11,448
	170,808	173,258

As at 31 March 2016, the net book value of plant and machinery under finance lease amounted to approximately HK\$129,654,000 (2015: HK\$53,136,000).

Land and buildings are primarily situated in Mainland China, Hong Kong and Vietnam.

Bank borrowings are secured by certain land and buildings and leasehold improvements with a total of carrying amount of HK\$246,992,000 (2015: HK\$276,426,000) as of 31 March 2016 (Note 24(c)).

17 INVESTMENT PROPERTIES

	2016	2015
	HK\$'000	HK\$'000
At cost		
Beginning of the year	2,550	2,410
Addition	-	261
Depreciation	(134)	(121)
End of the year	2,416	2,550
Cost	4,640	4,640
Accumulated depreciation	(2,224)	(2,090)
Net book amount	2,416	2,550

The fair values of the Group's investment properties as at 31 March 2016 were HK\$19,300,000 (2015: HK\$20,000,000), as determined by an independent professional valuation firm, RHL Appraisal Limited, on an open market basis.

Investment properties are situated in Hong Kong.

Depreciation expense of HK\$134,000 (2015: HK\$121,000) for the year ended 31 March 2016 has been included in 'general and administrative expenses'.

Outgoings in respect of the investment properties amounted to HK\$40,000 (2015: HK\$37,000) for the year ended 31 March 2016.

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$'000	2015 HK\$'000
Available-for-sale financial assets		
— Equity securities listed in Hong Kong, at fair value	345	333
— Unlisted investments, at fair value (Note)	139,522	154,157
	139,867	154,490

Note: Unlisted investments represent unlisted key management insurance contracts which are debt instruments classified as available-for-sale financial assets. Minimum returns are guaranteed under these contracts with upside variable returns and the respective fixed and determinable returns are recognised as part of "Other (losses)/gains, net". The portion allocated as insurance premium is recognised as prepayment and is amortised to the income statement based on the estimated years that the Group intends to hold such contracts.

Movement of the available-for-sale financial assets is as follows:

	2016 HK\$'000	2015 HK\$'000
Beginning of the year	154,490	116,256
Additions	—	63,018
Disposals	(20,500)	(30,059)
Net gains on investments	5,865	5,201
Fair value gains in other comprehensive income	12	74
End of the year	139,867	154,490

Available-for-sale financial assets are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
US\$	139,522	154,157
HK\$	345	333
	139,867	154,490

19 INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Raw materials	120,759	135,828
Work-in-progress	262,521	332,845
Finished goods	38,964	7,148
	422,244	475,821

The cost of inventories recognised as expense and included in cost of sales in the consolidated income statement amounted to HK\$1,085,588,000 (2015: HK\$1,012,680,000) for the year ended 31 March 2016.

20 TRADE RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	42,550	38,697

The carrying amounts of trade receivables are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
US\$	40,581	34,765
Others	1,969	3,932
	42,550	38,697

The Group grants credit periods to customers ranging from 0 to 60 days. At 31 March 2016, the ageing analysis of the trade receivables based on invoice date was as follows:

	2016 HK\$'000	2015 HK\$'000
Up to 3 months	41,860	35,830
3 to 6 months	590	1,809
Over 6 months	100	1,058
	42,550	38,697

20 TRADE RECEIVABLES *(Continued)*

As of 31 March 2016, trade receivables of HK\$3,835,000 (2015: HK\$9,344,000) were past due but not considered to be impaired because these mainly relate to customers from whom there is no recent history of default. Based on past experience, the directors of the Group 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 ageing analysis of these trade receivables is as follows:

	2016 HK\$'000	2015 HK\$'000
Past due by:		
Up to 3 months	3,666	6,764
3 to 6 months	164	1,944
Over 6 months	5	636
	3,835	9,344

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The counterparties did not have significant default history.

21 PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	2016 HK\$'000	2015 HK\$'000
Prepayments for property, plant and equipment	33,173	17,198
Prepayments for subcontracting charges	–	2,000
Other prepayments	4,814	6,155
Prepaid insurance premium for the key management insurance	29,762	34,665
Deferred listing expenses (Note (i))	8,237	–
Deposits	4,963	577
Other receivables	7,201	7,250
Other assets	1,680	1,680
	89,830	69,525
Less: Non-current portion	(49,768)	(34,534)
Current portion	40,062	34,991

Note:

- (i) The deferred listing expenses are incurred in connection with the Listing of the Group and will be deducted from equity upon Listing of the Group.

22 AMOUNTS DUE FROM RELATED COMPANIES AND SHAREHOLDERS

Amounts due from related companies and shareholders were unsecured, non-interest bearing and repayable on demand as at 31 March 2015.

The balances were mainly denominated in RMB and HK\$ as at 31 March 2015.

The carrying amounts of amounts due from related companies and shareholders approximated their fair values as at 31 March 2015.

23 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2016 HK\$'000	2015 HK\$'000
Cash and cash equivalents	221,637	333,740
Pledged bank deposits (Note 24(c))	-	8,242
	221,637	341,982

Bank balances and cash are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
US\$	49,325	79,655
HK\$	106,466	146,460
RMB	57,485	106,141
Vietnamese Dong	6,611	7,558
Others	1,750	2,168
	221,637	341,982

24 BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Non-current		
Bank borrowings, secured	84,605	57,520
Finance lease obligations	86,355	85,196
	170,960	142,716
Current		
Short-term bank borrowings, secured	268,728	278,278
Portion of long-term bank borrowings, secured	391,457	466,611
Finance lease obligations	24,505	19,775
	684,690	764,664
Total borrowings	855,650	907,380

The weighted average effective interest rates for the years ended 31 March 2016 and 31 March 2015 are as follows:

	2016	2015
Finance lease obligations	1.68%	1.63%
Bank borrowings	2.89%	2.94%

(a) Bank borrowings

The bank borrowings are due for repayment as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	459,574	448,483
Between one and two years	113,935	150,554
Between two and five years	171,281	203,372
	744,790	802,409

The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

24 BORROWINGS (Continued)**(a) Bank borrowings** (Continued)

The carrying amounts of bank borrowings approximate their fair values as they bear market interest rates and are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
HK\$	552,454	566,818
US\$	192,336	232,167
JPY	-	3,424
	744,790	802,409

(b) Finance lease obligations

The Group's finance lease obligations were analysed as follows:

	2016 HK\$'000	2015 HK\$'000
Current		
Portion of finance lease obligations due for repayment within one year	24,505	19,775
Non-current		
Finance lease obligations due for repayment after one year:		
Between one and two years	42,814	16,233
Between two and five years	43,541	68,963
	86,355	85,196
Total finance lease obligations	110,860	104,971

24 BORROWINGS (Continued)**(b) Finance lease obligations** (Continued)

The finance lease obligations were due for repayment as follows:

	2016 HK\$'000	2015 HK\$'000
Gross finance lease obligations — minimum lease payments:		
Within one year	26,174	19,789
Between one and two years	43,857	16,233
Between two and five years	43,857	68,963
	113,888	104,985
Future finance charges on finance lease obligations	(3,028)	(14)
Present value of finance lease obligations	110,860	104,971

The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

The carrying amount of finance lease obligations was denominated in US\$.

(c) The following borrowings were drawn by the Group under secured banking facilities:

	2016 HK\$'000	2015 HK\$'000
Bank borrowings	744,790	802,409
Finance lease obligations	—	3,813
	744,790	806,222

As at 31 March 2016 and 2015, the above borrowings are secured by certain land use rights amounting to HK\$17,183,000 (2015: HK\$18,319,000) (Note 15); certain land and buildings and leasehold improvements with a total carrying amount of HK\$246,992,000 (2015: HK\$276,426,000) (Note 16); pledged bank deposits of HK\$Nil (2015: HK\$8,242,000) (Note 23); corporate guarantees provided by some of the subsidiaries and personal guarantees from some of the directors of the Company.

The personal guarantees provided by Mr. Wong Ting Chung, Mr. Wong Ting Chun, Mr. Wong Ting Kau and Mr. Lau Ka Keung were replaced by corporate guarantees provided by the Company subsequently to the date of Listing on 12 April 2016.

25 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES**(a) Trade and bills payables**

Trade and bills payables are denominated in the following currencies:

	2016	2015
	HK\$'000	HK\$'000
US\$	71,172	81,657
HK\$	44,569	48,901
Others	12,535	10,444
	128,276	141,002

The carrying amounts of the trade and bills payables approximate their fair values.

The ageing analysis of the trade payables based on invoice date was as follows:

	2016	2015
	HK\$'000	HK\$'000
Within 1 month	93,467	93,828
1 to 2 months	19,234	31,072
2 to 3 months	13,722	15,132
Over 3 months	1,853	970
	128,276	141,002

(b) Accruals and other payables

	2016	2015
	HK\$'000	HK\$'000
Accrued subcontracting charges	6,083	10,585
Accrued salaries	32,742	46,049
Receipts in advance	1,250	1,403
Other accrued expenses	21,010	10,275
Other payables	16,417	17,278
	77,502	85,590

26 DEFERRED INCOME TAX

The analysis of deferred tax assets/(liabilities) is as follows:

	2016 HK\$'000	2015 HK\$'000
Deferred tax assets:		
— Deferred tax assets to be recovered after more than 12 months	768	809
	768	809
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	(434)	(852)
	(434)	(852)
Deferred tax assets/(liabilities), net	334	(43)

The gross movement on the deferred income tax account is as follow:

	2016 HK\$'000	2015 HK\$'000
At 1 April	(43)	682
Credited/(charged) to consolidated income statement	377	(725)
At 31 March	334	(43)

26 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities:

	Accelerated tax depreciation HK\$'000
As at 1 April 2014	(208)
Charged to consolidated income statement	(644)
As at 31 March 2015	(852)
As at 1 April 2015	(852)
Credited to consolidated income statement	418
As at 31 March 2016	(434)

Deferred income tax assets:

	Decelerated tax depreciation HK\$'000
As at 1 April 2014	890
Charged to consolidated income statement	(81)
As at 31 March 2015	809
As at 1 April 2015	809
Charged to consolidated income statement	(41)
As at 31 March 2016	768

As at 31 March 2016 and 2015, the Group had no significant unprovided deferred tax.

26 DEFERRED INCOME TAX *(Continued)*

As at 31 March 2016, deferred income tax liabilities of approximately HK\$261,000 (2015: HK\$10,000) have not been recognised for the withholding taxation that would be payable on the unremitted earnings of subsidiaries in Mainland China of approximately HK\$5,219,000 (2015: HK\$208,000), as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed and will not be taxable in the foreseeable future.

27 SHARE CAPITAL AND PAID-IN CAPITAL

	2016	
	No. of shares	HK\$
Authorised:		
Ordinary shares at HK\$0.01 each as at 11 August 2015 (date of incorporation) and 31 March 2016	5,000,000,000	50,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each as at 11 August 2015 (date of incorporation)	1	–
Issue of ordinary shares in December 2015 (Note (i))	1,121	11
At end of the year	1,122	11

Notes:

- (i) In December 2015, the Company issued 1,121 shares at HK\$1,121,000,000 as a result of reorganisation steps set out in Note 1.2(b) and (d) to the financial statements. These transactions are non-cash transactions.
- (ii) Pursuant to the written resolutions passed by the shareholders on 29 January 2016, conditional upon listing and subject to the share premium account of the Company being credited, the Company would capitalise an amount of HK\$14,999,988.78 standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par 1,499,998,878 shares for allotment and issue to the shareholders before the global offering. On 12 April 2016, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") and the aforementioned conditions were fulfilled. Accordingly, the said amount was capitalised standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 1,499,998,878 shares for allotment and issue to the shareholders before the global offering (Note 34).
- (iii) As at 31 March 2015, paid-in capital represented the combined capital of the companies comprising the Group after elimination of inter-company investment costs and share capital before the completion of the reorganisation (Note 1.2).

28 RESERVES

	Attributable to the owners of the Company					
	Other reserves (Note (ii))	Investment revaluation reserve	Exchange reserve	Shareholder's contribution	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2015	-	92	158,886	100,000	525,022	784,000
Profit for the year	-	-	-	-	231,887	231,887
Other comprehensive income:						
— Gain on revaluation of available-for-sale financial assets (Note 18)	-	12	-	-	-	12
— Currency translation difference	-	-	(40,948)	-	-	(40,948)
	-	12	(40,948)	-	-	(40,936)
Total comprehensive income	-	12	(40,948)	-	231,887	190,951
Transactions with owners						
Dividends (Note 14)	-	-	-	-	(562,000)	(562,000)
Issue of ordinary shares (Note 27(i)) and effects of reorganisation	344,342	-	-	-	-	344,342
Return of shareholder's contribution (Note (i))	-	-	-	(100,000)	-	(100,000)
As at 31 March 2016	344,342	104	117,938	-	194,909	657,293

28 RESERVES (Continued)

	Attributable to the owners of the Company				
	Investment revaluation reserve	Exchange reserve	Shareholder's contribution	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2014	18	152,870	–	678,676	831,564
Profit for the year	–	–	–	273,346	273,346
Other comprehensive income:					
– Gain on revaluation of available- for-sale financial assets (Note 18)	74	–	–	–	74
– Currency translation difference	–	6,016	–	–	6,016
	74	6,016	–	–	6,090
Total comprehensive income	74	6,016	–	273,346	279,436
Transactions with owners					
Dividend (Note 14)	–	–	–	(427,000)	(427,000)
Contribution from shareholder (Note 29(c))	–	–	100,000	–	100,000
As at 31 March 2015	92	158,886	100,000	525,022	784,000

Notes:

- (i) The balance represents capitalisation of shareholder's loan as equity contribution which amounted to HK\$100,000,000. Upon the Stock Exchange granting an in-principle approval for the Listing and the Board proceeding with the Listing, shareholder's contribution of HK\$100,000,000 was returned and settled against amounts due from related companies and shareholders on 21 March 2016. This is a non-cash transaction.
- (ii) Other reserves represent mainly the share premium and fair value of the consideration given in excess of the paid-in capital of the companies comprising the Group in relation to the Company's reorganisation.

29 CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before income tax to net cash generated from operations:

	2016	2015
	HK\$'000	HK\$'000
Profit before income tax	271,414	313,885
Finance income	(1,657)	(1,756)
Finance expenses	27,967	21,992
Depreciation of property, plant and equipment	170,808	173,258
Depreciation of investment properties	134	121
Net gains on investments	(5,865)	(5,201)
Net gains on disposals of property, plant and equipment	(250)	(482)
(Reversal of)/provision for impairment of inventories	(1,295)	9,885
Dividend income from listed available-for-sale financial assets	(3)	(15)
Net change in derivative financial instruments	(41,618)	(41,429)
Amortisation of land use rights	1,147	1,038
Changes in working capital:		
Inventories	51,123	51,526
Trade receivables	(4,017)	9,030
Prepayments, deposits, other receivables and other assets	(4,734)	(5,950)
Trade and bills payables	(12,726)	10,186
Accruals and other payables	(7,714)	1,716
Net cash generated from operations	442,714	537,804

29 CASH GENERATED FROM OPERATIONS (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2016 HK\$'000	2015 HK\$'000
Net book amount (Note 16)	5,954	843
Net gains on disposals of property, plant and equipment recognised in consolidated income statement	250	482
Net gain on disposal of an industrial premise recognised in equity	8,914	–
Proceeds from disposals of property, plant and equipment	15,118	1,325
Proceeds from disposal of property, plant and equipment included in consolidated statement of cash flows:		
– Cash flows from investing activities	1,118	1,325
– Cash flows from financing activities (Note 1.2(c))	14,000	–
	15,118	1,325

- (c) Significant non-cash transactions:

	2016 HK\$'000	2015 HK\$'000
Disposals of available-for-sale financial assets settled through amounts due from related companies	20,500	30,059
Capitalisation of shareholder's loan as equity contribution	–	100,000
Return of shareholder's contribution (Note 28(i))	100,000	–
Dividend (Note 14)	442,000	–

30 COMMITMENTS**(a) Operating lease commitments**

As at 31 March 2016 and 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	357	112
Later than one year and not later than five years	–	45
	357	157

(b) Operating lease arrangements

At 31 March 2016 and 2015, the aggregate future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's investment properties are as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	792	120
Later than one year and not later than five years	132	–
	924	120

(c) Capital commitment

At 31 March 2016 and 2015, the capital expenditure contracted but not yet incurred is as follows:

	2016 HK\$'000	2015 HK\$'000
Property, plant and equipment contracted but not provided for	191,927	14,125

31 RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions which, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions.

(a) Transactions

Name of entities	Relationship with the Group
Sunicon Apparel Limited	Controlled by Controlling Shareholders, Mr. Wong Wai Wing, Raymond, executive director and Mr. Wong Wai Yue, non-executive director
Hanyi Investments Limited	Controlled by Controlling Shareholders
Kings (H.K.) Health Food Limited	Controlled by Mr. Wong Ting Chung, Chairman and executive director
Jin Jia Zhuang (Huizhou) Health Food Limited	A wholly-owned subsidiary of Kings (H.K.) Health Food Limited
惠州港升置業有限公司	Controlled by Controlling Shareholders, Mr. Wong Wai Wing, Raymond, executive director, Mr. Wong Wai Yue, non-executive director and Mr. Lin Xiugao, the cousin of Mr. Wong Ting Chung, Chairman and executive director
Mr. Tam Wai Hung, David	Non-executive director
深圳市悦菲服飾有限公司	Controlled by Mr. Lin Guoxian, the cousin of Mr. Wong Ting Chung, Chairman and executive director
歐納菲（惠州）精品有限公司	Controlled by Mr. Lin Guoxin, the cousin of Mr. Wong Ting Chung, Chairman and executive director
Good Teamco (HK) Limited	Controlled by Controlling Shareholders, Mr. Wong Wai Wing, Raymond, executive director, Mr. Wong Wai Yue and Mr. Lau Ka Keung, non-executive directors

31 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions** (Continued)

	Note	2016 HK\$'000	2015 HK\$'000
<i>Continuing transactions:</i>			
Hotel services fee charged by 惠州港升置業有限公司	(ii)	2,172	2,213
Consultancy fee charged by Mr. Tam Wai Hung, David	(ii)	1,000	1,000
Rental fee charged by Hanyi Investments Limited		696	–
<i>Non-recurring transactions:</i>			
Advertising and promotion fee charged by Sunicon Apparel Limited	(ii)	–	109
Advertising and promotion fee charged by Kings (H.K.) Health Food Limited	(ii)	541	159
Advertising and promotion fee charged by Jin Jia Zhuang (Huizhou) Health Food Limited	(ii)	307	686
Disposals of available-for-sale financial assets to Good Teamco (HK) Limited	(iii)	20,500	30,059
Sales of finished goods to 深圳市悦菲服飾有限公司	(i)	–	312
Sales of finished goods to 歐納菲 (惠州) 精品有限公司	(i)	–	672
Net gain on disposal of an industrial premise to Hanyi Investments Limited (Note 1.2)		8,914	–

Notes:

- (i) Sales and purchases are made at prices mutually agreed by the relevant parties.
- (ii) Terms of services are mutually agreed between the relevant parties.
- (iii) The transfer of available-for-sale financial assets is made at the cash surrender value of date of transfer. A gain of HK\$407,000 has been included in "other (losses)/gains, net".

(b) Year-end balances with related parties

	2016 HK\$'000	2015 HK\$'000
Name of related parties		
Amounts due from related parties		
(i) Nameson Holdings Limited (incorporated in BVI)	–	8,383
(ii) Huizhou Nantai Knitting Factory	–	2,924

31 RELATED PARTY TRANSACTIONS (Continued)**(b) Year-end balances with related parties** (Continued)

Receivables from the above related parties were unsecured, interest-free and repayable on demand. The amounts due from related parties are neither past due nor impaired. The carrying amounts of the amounts due from related parties approximate to their fair values and are denominated in the following:

	2016	2015
	HK\$'000	HK\$'000
Amounts due from related parties		
HK\$	–	8,383
RMB	–	2,924
	–	11,307
Amounts due from shareholders		
HK\$	–	366,128

(c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	2016	2015
	HK\$'000	HK\$'000
Salaries, pension costs and other short-term employee benefits	14,646	14,008
Bonuses	860	2,100
	15,506	16,108

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY**Balance sheet of the Company**

	Note	2016 HK\$'000
ASSETS		
Non-current asset		
Interest in a subsidiary		623,000
Current assets		
Prepayments, deposits, other receivables and other assets		1,212
Cash and cash equivalents		352
Amount due from a subsidiary		945
		2,509
Total assets		625,509
EQUITY		
Equity attributable to the owners of the Company		
Share capital		–
Reserves	(a)	623,505
Total equity		623,505
LIABILITY		
Current liabilities		
Amount due to a subsidiary		50
Accruals and other payables		1,954
		2,004
Total liabilities		2,004
Total equity and liabilities		625,509

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)***(a) Reserve movement of the Company**

	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 11 August 2015 (date of incorporation)	-	-	-
Issue of ordinary shares and reorganisation	624,614	-	624,614
Loss for the period	-	(1,109)	(1,109)
As at 31 March 2016	624,614	(1,109)	623,505

33 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

The remuneration of every director and the chief executive officer for the year ended 31 March 2016 is set out below:

**Emoluments paid or receivable in respect of a person's services as a director,
whether of the Company or its subsidiary undertaking**

Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Other benefits HK\$'000	Employer's	Total HK\$'000
					contribution to pension scheme HK\$'000	
Executive directors:						
Mr. Wong Ting Chung (<i>Chairman and chief executive officer</i>) (Note (i))	20	3,900	-	-	18	3,938
Mr. Wong Wai Wing, Raymond (Note (i))	20	1,540	-	5	18	1,583
Mr. Wong Ting Chun (Note (i))	20	2,762	-	-	18	2,800
Mr. Li Po Sing (Note (i))	20	1,950	-	26	18	2,014
Ms. Chan Mei Hing, Aurora (Note (i))	20	1,170	360	-	18	1,568
Non-executive directors:						
Mr. Tam Wai Hung, David (Note (ii))	20	-	-	-	-	20
Mr. Wong Ting Kau (Note (ii))	20	-	-	-	-	20
Mr. Wong Wai Yue (Note (ii))	20	-	-	-	-	20
Mr. Lau Ka Keung (Note (ii))	20	-	-	-	-	20
Independent non-executive directors:						
Ms. Fan Chiu Fun, Fanny (Note (iii))	50	-	-	-	-	50
Mr. Kan Chung Nin, Tony (Note (iii))	50	-	-	-	-	50
Mr. Ong Chor Wei (Note (iii))	50	-	-	-	-	50
Mr. Fan Chun Wah, Andrew (Note (iii))	50	-	-	-	-	50
Ms. Lee Bik Kee, Betty (Note (iii))	50	-	-	-	-	50
	430	11,322	360	31	90	12,233

Notes:

- (i) Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun, Mr. Li Po Shing and Ms. Chan Mei Hing, Aurora were re-designated as executive directors effective from 29 January 2016. They are also employees of the Group and the Group paid employees emoluments to them in their capacity as employees.
- (ii) Mr. Tam Wai Hung, David, Mr. Wong Ting Kau, Mr. Wong Wai Yue and Mr. Lau Ka Kueng were re-designated as non-executive directors effective from 29 January 2016.
- (iii) Ms. Fan Chiu Fun, Fanny, Mr. Kan Chung Nin, Tony, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew and Ms. Lee Bik Kee, Betty were appointed as independent non-executive directors effective from 29 January 2016.

33 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

The remuneration of every director and the chief executive officer for the year ended 31 March 2015 is set out below:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Total HK\$'000
	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Other benefits HK\$'000	Employer's contribution to pension scheme HK\$'000	
Executive directors:						
Mr. Wong Ting Chung (<i>Chairman and chief executive officer</i>)	–	3,900	2,100	–	18	6,018
Mr. Wong Wai Wing, Raymond	–	200	–	–	3	203
Mr. Wong Ting Chun	–	2,765	–	–	18	2,783
Mr. Li Po Sing	–	1,322	–	–	18	1,340
Ms. Chan Mei Hing, Aurora	–	1,040	–	–	18	1,058
Non-executive directors:						
Mr. Tam Wai Hung, David	–	–	–	–	–	–
Mr. Wong Ting Kau	–	–	–	–	–	–
Mr. Wong Wai Yue	–	880	–	–	15	895
Mr. Lau Ka Keung	–	–	–	–	–	–
	–	10,107	2,100	–	90	12,297

- (i) The remuneration shown above included remuneration received from the Group by the directors in their capacity as employees of the subsidiaries during the year ended 31 March 2016 and 2015.
- (ii) No remunerations were paid or receivable in respect of accepting office as directors during the year ended 31 March 2016 (2015: Nil).
- (iii) No directors waived any emoluments during the year ended 31 March 2016 (2015: Nil).

33 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) *(Continued)*

(a) Directors' retirement benefits

There were no retirement benefits paid to directors during the year ended 31 March 2016 (2015: Nil) by a defined benefit pension plan operated by the Group in respect of the service as a director of the Company and its subsidiaries.

(b) Directors' termination benefits

During the year ended 31 March 2016, there was no board resolution to early terminate of the directors' appointment in office (2015: Nil).

(c) Consideration provided to third parties for making available of directors' services

No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2016 (2015: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 March 2016, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2015: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

34 SUBSEQUENT EVENTS

Save as disclosed in the Notes 24(c) and 27(ii) to the consolidated financial statements, the following significant event took place subsequent to 31 March 2016:

The Company listed its shares on HKEx on 12 April 2016. In connection with the global offering completed on 12 April 2016 and the exercise of the over-allotment option completed on 25 April 2016, the Company issued a total of 575,000,000 shares at a price of HK\$1.2 per share for a total proceeds (before related fees and expenses) of HK\$690,000,000 and resulted in an increase of equity of approximately HK\$665,819,000.

Financial Summary

RESULTS

	2016 HK\$'000	Year ended 31 March		
		2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	2,765,521	2,567,667	2,322,265	2,542,805
Cost of sales	(2,155,569)	(1,994,299)	(1,768,285)	(1,895,031)
Gross profit	609,952	573,368	553,980	647,774
Profit before income tax	271,414	313,885	246,050	414,468
Income tax expenses	(39,527)	(40,539)	(26,682)	(46,070)
Profit for the year attributable to owners of the Company	231,887	273,346	219,368	368,398

ASSETS AND LIABILITIES

	2016 HK\$'000	As at 31 March		
		2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Non-current assets	1,085,531	1,116,085	983,093	1,119,484
Current assets	726,530	1,268,944	1,303,708	1,138,677
Total assets	1,812,061	2,385,029	2,286,801	2,258,161
Total equity	657,293	1,121,335	1,168,546	1,144,409
Non-current liabilities	171,394	143,568	66,172	29,426
Current liabilities	983,374	1,120,126	1,052,083	1,084,326
Total liabilities	1,154,768	1,263,694	1,118,255	1,113,752
Total equity and liabilities	1,812,061	2,385,029	2,286,801	2,258,161
Net current (liabilities)/assets	(256,844)	148,818	251,625	54,351