南旋控股有限公司
Nameson Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1982

2017
Annual Report

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.

Contents

Corporate Information

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, JP

Independent non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

Mr. Kan Chung Nin, Tony, SBS, 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, SBS, 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
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A–C, 21/F, Block 1
Tai Ping Industrial Centre
57 Ting Kok Road
Tai Po, New Territories
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers 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
Shops 1712–1716
17th Floor
Hopewell Centre
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
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank 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 Respected Shareholders,

On behalf of the board of directors (the "Board") of Nameson Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 ("Financial Year 2017").

MARKET REVIEW

In the Financial Year 2017, the global economy continued to be ridden with uncertainties. The policy direction of the new United States government remained a risk factor for the global financial market, and the hastening of interest rate hikes by the US Federal Reserve also added to economic uncertainties; whereas in Europe, despite the economy continued to record steady performance, its way forward was still unclear at the impact of Brexit; in Japan, both economic growth and inflation were still lower than expected, thus the Bank of Japan maintained its quantitative easing policy, and in Mainland China, GDP grew by 6.7% in 2016, the slowest in 26 years, and the slowdown in economic growth affected the sentiment in consumer market.

The uncertain macroeconomic environment also created challenges in the operating environment of the knitwear industry in China. According to China Customs statistics, the total export value of knitwear (including knitted products and crochet products, as well as knitted or crocheted clothing and accessories) from the country during the Financial Year 2017 was US$87.13 billion, representing a decrease of 10.6% as compared to the same period last year. During the Financial Year 2017, the total export value of knitwear from China to the United States, Japan and Europe also decreased compared with last financial year. Although global consumption was generally weak, Vietnam, being a major exporting country of textile and garments to the European Union and the rest of the world, still recorded a good extent growth in total export value. According to Vietnam Customs statistics, the country's total export value of textile and garments amounted to US$24.35 billion in Financial Year 2017, representing an increase of 5.4% compared with last financial year. Its total export value to Japan and the United States also grew by 6.8% and 4.8% to US$2.98 billion and US$11.65 billion, respectively, compared with last financial year. In the meantime, in China, the aim of its national policy is to encourage a shift of focus of the industrial textiles industry from quantity to the quality of its output, a move that can help the industry to eliminate the weak players and retain the strong ones. In January 2017, the Ministry of Industry and Information Technology and the National Development and Reform Commission of China jointly formulated the "Guiding Opinions for the Development of the Industrial Textiles Industry in the 13th Five-Year Period" (《產業用紡織品行業「十三五」發展指導意見》), stating the goals for the industry including maintaining rapid yet stable growth, optimising the structure of the industry, improving quality and efficiency notably, as well as improving some application technologies to on par with international standards.

BUSINESS REVIEW

However, opportunities and challenges are like twins. Market consolidation benefits quality enterprises. As a leading knitwear manufacturer in the industry, the Group has over the years gained the trust of various international apparel brand customers with its quality services and products, allowing it to stand out among industry peers and capture business opportunities, achieving steady development in spite of the challenging business and global economic environment. Having an internationalised production layout would be another edge of an enterprise. With a factory set up in Vietnam very early on, the Group enjoys lower labour costs and expands production capacity timely to accommodate growing orders. Capacity expansion can also help boost economy of scale and bring synergies, and in turn lower the Group's overall costs. During the year, the Group's net profit and adjusted net profit increased by 41.5% to HK$328.1 million and 20.7% to HK$329.5 million, respectively, compared with last year. The Board recommended payment of a final dividend of 2.0 HK cents per share to our shareholders for their unwavering support to the Group.

At the drive of national policy, the textile and garment industry in China is transforming its focus from quantity to quality, which coincides with the Group's development strategies of continuously pursuing technological innovation and enhancement of production efficiency. With design and development strengths and manufacturing expertise, we offer one-stop solutions to our customers, from product concept and design, raw material procurement, development of yarns and samples to value-added production service, which is a crucial element of bracing the Group's business development. Together with the ability to provide timely and cost-effective services to customers has enabled the Group to maintain its competitive advantage and gain recognition from international apparel brand customers. In addition, with its efficient production capability, the Group is able to adjust its designs and production arrangements with flexibility, thus can promptly respond to the needs of customers and rapid changes in the market, and this has contributed to climbing orders. For the year, revenue attributable to the Chinese and European markets increased by 67.7% and 12.5% to HK$286.0 million and HK$468.8 million, respectively, compared with last year, driving an increase in the Group's overall sales to HK$2,797.2 million, such growth was partially offset by the decrease in revenue attributable to North American regions where consumption sentiment was weak. Heeding that, the Group actively expanded its share in the Chinese market applying its edges and at the same time took effective measures to control cost and enhance production efficiency, which led to a 8.9% increase of the gross profit margin to 23.7% compared with last year. With the second phase of the Vietnam Factory having commenced operation and commercial production in the second half of Financial Year 2017, and the first phase of the factory improving in production efficiency, the Group is able to take on more orders. In addition, the exchange rate of Renminbi remaining at low levels during Financial Year 2017 continued to benefit our PRC Factory in terms of operating cost saving.

FUTURE STRATEGIES AND PROSPECTS

Although global socio-political and economic instability is likely to persist in the future, for knitwear products, market demand will remain huge and steady. Benefiting from the relatively lower production costs of the Vietnam Factory, together with our reputation of quality products in the industry, the Group is all set to secure more customer orders. The Group is currently negotiating with various renowned international apparel brands which can help enlarge its customer base. Thus, we are cautiously optimistic about the future development prospects of our business.

We will seek to further strengthen the relationship with our existing customers and boost our competitiveness through enhancing production and operational efficiencies, aiming to increase cost effectiveness and the competitiveness of our products and their prices. Regarding productivity, following an established internationalised production layout, with the second phase of the Vietnam Factory in commercial production, while the PRC Factory focuses on producing products of more sophisticated designs and shorter delivery lead time by leveraging its mature production know-how, a proven raw material supply network and logistics support, the Group has greater flexibility in production arrangements. With foothold in Vietnam and a blueprint for expansion, we shall be able to enjoy first-mover advantage and use our strong production capability and rich market experience to rally more orders from existing and new customers. We will also continue to closely monitor market changes and look for business opportunities with promising potentials. In addition, we will also continuously and actively devote resources to strengthen our designs as well as market research and analysis capabilities, and keep developing new designs for existing customers. We believe, armed with robust research and development capabilities and via strategic expansion of production capacity, the Group will be able to broaden its customer base and consolidate its leadership in the industry.

Looking ahead, given the Vietnamese government's active effort to encourage foreign investments in the garment manufacturing industry, the midstream garment manufacturing industry in Vietnam has tremendous growth potential. Thus, while maintaining knitwear manufacturing as the Group's principal business, the Group plans to capitalise on its established network and resource advantages in Vietnam to extend its business to cover fabric weaving, printing and dyeing. Product diversification is expected to help the Group broaden its revenue base as well as customer base, and hence enhance its overall competitiveness. We will also continue to utilise the Vietnam Factory effectively, establish an effective operation mode based on the local situations, and push to boost production synergies via effective coordination and flexible arrangement of production between the PRC and Vietnam Factories. By continuously exploring potential opportunities to diversify and widen its existing business scope, the Group can look forward to having a broader revenue base and delivering better returns to our shareholders in the long term.

On behalf of the Group, I would like to take this opportunity to express my heartfelt gratitude to our customers, suppliers, shareholders and all staff for their unwavering support.

Wong Ting Chung
Chairman and Chief Executive Officer
22 June 2017

Management Discussion and Analysis

FINANCIAL REVIEW

	Year ended 31 March	
	2017 **HK$'000**	2016 HK$'000
Revenue	**2,797,193**	2,775,345
Cost of sales	**(2,134,571)**	(2,171,417)
Gross profit	**662,622**	603,928
Other income	**7,189**	3,925
Other gains/(losses), net	**19,921**	(510)
Selling and distribution expenses	**(40,475)**	(41,821)
General and administrative expenses	**(254,642)**	(267,798)
Operating profit	**394,615**	297,724
Finance income	**2,496**	1,657
Finance expenses	**(16,497)**	(27,967)
Finance expenses, net	**(14,001)**	(26,310)
Profit before income tax	**380,614**	271,414
Income tax expenses	**(52,483)**	(39,527)
Profit for the year attributable to the owners of the Company	**328,131**	231,887
Add:		
Realised and unrealised losses from derivative financial instruments	**–**	12,316
Listing expenses	**1,378**	28,818
Adjusted net profit	**329,509**	273,021

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 slightly increased by 0.8% to HK$2,797.2 million for the year ended 31 March 2017 from HK$2,775.3 million for the year ended 31 March 2016. The increase was primarily due to increase in sales volume of womenswear, which was partially offset by the decrease in sales volume of menswear.

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 5.3% from 30.9 million pieces of knitwear products for the year ended 31 March 2016 to 32.5 million pieces of knitwear products for the year ended 31 March 2017.

Consistent with the Group's geographical market distribution for the year ended 31 March 2016, Japan, North America (mainly the United States of America) and Europe were still our top three markets for the year ended 31 March 2017. The revenue attributable to the Japanese market, North America market and Europe market accounted for 40.0%, 22.1% and 16.8% of the Group's total revenue for the year ended 31 March 2017.

Cost of Sales

For the year ended 31 March 2017, the Group incurred cost of sales of HK$2,134.6 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.

Gross Profit and Gross Profit Margin

During the year ended 31 March 2017, the Group recorded gross profit of HK$662.6 million and gross profit margin of 23.7% as compared to the gross profit of HK$603.9 million and gross profit margin of 21.8% for the year ended 31 March 2016.

The increase in gross profit margin for the year ended 31 March 2017 was mainly due to (i) improvement in cost and production efficiency as a result of cost control measures and streamlining of production process in our PRC Factory and Vietnam Factory; and (ii) continuous depreciation of RMB during the year.

Other Income

Other income primarily consisted of rental income from staff quarter and rental income from investment properties. The other income of the Group increased by HK$3.3 million from HK$3.9 million for the year ended 31 March 2016 to HK$7.2 million for the year ended 31 March 2017. Such increase was mainly due to the increase in miscellaneous other income, which was partially offset by the decrease in rental income from staff quarter.

Other Gains/(Losses), Net

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

Other gains increased by HK$20.4 million, turning other losses of HK$0.5 million for the year ended 31 March 2016 to other gains of HK$19.9 million for the year ended 31 March 2017. This is primarily due to the settlement and unwinding 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 for the year ended 31 March 2016. For the year ended 31 March 2017, the Group did not enter into any derivative financial instruments and did not have any realised and unrealised gains/(losses) from derivative financial instruments. On the other hand, the Group disposed of some old machines and a pleasure boat resulting in net gains on disposal of property, plant and equipment of HK$10.2 million for the year ended 31 March 2017.

The other gains for the year ended 31 March 2017 represented net gains on disposal of property, plant and equipment of HK$10.2 million, net gains on investments of HK$5.4 million and net foreign exchange gains of HK$4.3 million.

Selling and Distribution Expenses

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

The Group's selling and distribution expenses slightly decreased by HK$1.3 million, from HK$41.8 million for the year ended 31 March 2016 to HK$40.5 million for the year ended 31 March 2017. Such decrease was mainly due to the decreases in advertising and promotion expenses and commission to the agents of our customers, which was partially offset by the increase in transportation cost.

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 decreased by HK$13.2 million from HK$267.8 million for the year ended 31 March 2016 to HK$254.6 million for the year ended 31 March 2017. Such decrease was mainly due to the decrease in listing expenses from HK$28.8 million for the year ended 31 March 2016 to HK$1.4 million for the year ended 31 March 2017 as the Company's shares were successfully listed on the Main Board of the Stock Exchange on 12 April 2016, which was partially offset by the increase in staff costs as a result of expansion of our administrative staff team 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.

The Group's net finance expenses decreased by HK$12.3 million from HK$26.3 million for the year ended 31 March 2016 to HK$14.0 million for the year ended 31 March 2017. The decrease in net finance expenses was mainly due to our decreased average borrowings during the year ended 31 March 2017 and this is consistent with the lower gearing ratio and stronger liquidity of our Group during the same period.

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 2017 and 2016 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 (the "CIT") at a rate of 25% on the estimated assessable profits for the years ended 31 March 2017 and 2016. However, one of the Group's subsidiaries in the PRC is subject to the CIT at the rate of 15% for the three years ending 31 December 2018, after being assessed as a high and new technology enterprise.

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%. 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 2017 and 2016.

The effective tax rates of the Group were 13.8% and 14.6% for the years ended 31 March 2017 and 2016 respectively.

Profit for the Year Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded profit attributable to the owners of the Company of HK$328.1 million and HK$231.9 million for the years ended 31 March 2017 and 2016 respectively.

The increase in net profit for the year ended 31 March 2017 was primarily due to (i) increase in gross profit margin as a result of cost control measures and streamlining of production process in our production bases and continuous deprecation of RMB; (ii) decrease in listing expenses incurred in connection with the Company's listing as the Company's shares were successfully listed on the Main Board of the Stock Exchange on 12 April 2016; and (iii) net losses of HK$12.3 million from derivative financial instruments were recognised for the year ended 31 March 2016 whilst no such (losses)/gains from derivative financial instruments for the year ended 31 March 2017.

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$56.5 million from HK$273.0 million for the year ended 31 March 2016 to HK$329.5 million for the year ended 31 March 2017. As a percentage of revenue, the adjusted net profit margin increased from 9.8% for the year ended 31 March 2016 to 11.8% for the year ended 31 March 2017.

Dividend

An interim dividend of 3.8 HK cents per share was paid on 30 December 2016.

At the board meeting held on 22 June 2017, the Directors recommended the payment of a final dividend of 2.0 HK cents per share for the year ended 31 March 2017 to the shareholders whose names appear on the register of members of the Company on 5 September 2017. The final dividend, subject to approval by the shareholders at the annual general meeting to be held on 28 August 2017, will be paid on or about 18 September 2017.

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 represented dividends declared by the companies now comprising the Group to the equity holders of the companies, after elimination of intra-group dividends.

Consolidated Cash Flow Statement

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Net cash generated from operating activities	**485,673**	380,105
Net cash used in investing activities	**(329,994)**	(326,557)
Net cash generated from/(used in) financing activities	**273,126**	(159,637)
Net increase/(decrease) in cash and cash equivalents	**428,805**	(106,089)
Cash and cash equivalents at beginning of the year	**221,637**	333,740
Exchange difference on cash and cash equivalents	**(7,245)**	(6,014)
Cash and cash equivalents at end of the year	**643,197**	221,637

Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the year ended 31 March 2017 was HK$485.7 million, primarily due to profit before income tax of HK$380.6 million, adjusted for income tax paid of HK$38.1 million, depreciation of property, plant and equipment of HK$153.5 million and increase in trade and bills payables of HK$56.4 million, which was partially offset by the increases in trade receivables of HK$56.9 million and prepayments, deposits, other receivables and other assets of HK$22.4 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the year ended 31 March 2017 was HK$330.0 million, primarily due to the purchase of property, plant and equipment of HK$304.3 million and the increase in short-term bank deposits with maturity over three months of HK$50.2 million, which was partially offset by proceeds from disposals of property, plant and equipment of HK$21.7 million.

Net Cash Generated from Financing Activities

The Group's net cash generated from financing activities for the year ended 31 March 2017 was HK$273.1 million, which was mainly attributable to the proceeds from the Company's listing on the Stock Exchange on 12 April 2016 of HK$690.0 million, which was partially offset by the net decrease in the Group's borrowings of HK$315.3 million and the interim dividend payment of HK$78.9 million.

Cash and Cash Equivalents

For the year ended 31 March 2017, the Group's cash and cash equivalents increased by HK$428.8 million and the exchange loss was HK$7.2 million. The net increase in the Group's cash and cash equivalents was from HK$221.6 million as at 31 March 2016 to HK$643.2 million as at 31 March 2017.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the year ended 31 March 2017, 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 proceeds from initial public offering, cash generated from operating activities and borrowings. The Group's gearing ratio decreased from 49.1% as at 31 March 2016 to 8.8% as at 31 March 2017. 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.

As at 31 March 2017, the Group's cash and cash equivalents and short-term bank deposits, amounting to HK$693.4 million, were denominated in US dollars ("US$") (13.1%), HK$ (68.7%), Chinese Renminbi ("RMB") (17.6%), Vietnamese Dong ("VND") (0.4%) and other currencies (0.2%).

As at 31 March 2017, the Group's total borrowings (i.e. bank borrowings and finance lease obligations) were due for repayment as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Within one year	**403,692**	484,079
Between one and two years	**199,215**	156,749
Between two and five years	**191,498**	214,822
	794,405	855,650

Notes:

(a) 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.

(b) As at 31 March 2017, the Group's borrowings were denominated in HK$ (56.7%) and US$ (43.3%). All the Group's bank 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 2017 were 2.13% and 1.68% respectively.

(c) As at 31 March 2017, the Group's certain borrowings are secured by available-for-sale financial assets with a total carrying amount of HK$68.8 million.

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 considerable 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 year ended 31 March 2017, the Group did not use any financial instruments to hedge against foreign currency risk but the Board 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 2017 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 does not expect to experience any material impairment on trade receivables and receivables from other counterparties.

As at 31 March 2017, 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$574.5 million for the year ended 31 March 2017, 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, borrowings and proceeds from the Company's listing on the Stock Exchange in April 2016.

Capital Commitments

The Group's capital commitments as at 31 March 2017 amounted to approximately HK$33.3 million which were mainly related to the purchase of machinery for our PRC Factory.

Operating Lease Commitments

As at 31 March 2017, the Group's total future minimum lease payments under non-cancellable operating leases amounted to approximately HK$0.6 million, with approximately HK$0.5 million due within one year and approximately HK$0.1 million due later than one year and not later than five years.

Charge on Assets

As at 31 March 2017, the Group's land use rights with a total carrying amount of HK$15.6 million, land and buildings and leasehold improvements with a total carrying amount of HK$239.5 million and available-for-sale financial assets with a total carrying amount of HK$144.8 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 2017.

Use of Net Proceeds from the Company's Initial Public Offering

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.

Details of the use of net proceeds from the Company's initial public offering are set out on page 59 of this annual report.

Significant Investments, Acquisitions and Disposals

During the year ended 31 March 2017, 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 35 to the consolidated financial statements.

Financial Instruments

The Group did not have any outstanding hedging contracts or financial derivatives during the year ended 31 March 2017.

Operating Segment Information

The Group's revenue and results for the years ended 31 March 2017 and 2016 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 2017, the Group had a total of approximately 10,278 full-time employees in the PRC, Vietnam and Hong Kong. For the year ended 31 March 2017, the total staff costs, including the directors' emoluments, amounted to HK$575.1 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 55, has been our Director since 11 August 2015. He 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"), Senico Apparel Limited ("Senico Apparel"), 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 47, has been our Director since 11 August 2015. He 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 assumes various directorships in our Group, including Nameson Group, Nameson Industrial, Winner Way, Kingmax Industrial, Senico Industrial, Senico Apparel, South Crown, First Team (HK), Nanxuan Knitting Factory Limited ("Nanxuan Knitting"), Huizhou Jiaming Knitting Factory Limited ("Huizhou Jiaming"), Huizhou Liyun Knitting Factory Limited ("Huizhou Liyun"), Huizhou Lihao Fashion Limited ("Huizhou Lihao") and S. Power (HK) Limited ("S. Power (HK)"). Mr. Wong has over 18 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 Crowne 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委員會). 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 51, has been our Director since 30 August 2015. He 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 Nanxuan Knitting, Huizhou Jiaming, Huizhou Liyun and 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 52, has been our Director since 30 August 2015. He 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 41, has been our Director since 30 August 2015. She is the finance director of our Group and is primarily responsible for corporate financial planning and treasury management of our Group. Currently, Ms. Chan assumes various directorships in our Group, including Nameson Group, Nameson Industrial, Winner Way, Kingmax Industrial, Senico Industrial, Senico Apparel, South Crown, First Team (HK) and S. Power (HK). 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.

Mr. Tam Wai Hung, David (譚偉雄), aged 67, has been our Director since 30 August 2015. He 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 was a director of Yantai Bank (煙台銀行), a city commercial bank in Yantai, Shandong Province, the PRC from December 2012 to June 2017. 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 55, has been our Director since 30 August 2015. He is one of the founders of our Group. Mr. Wong currently is the managing director of 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 research and development and manufacturing of footwear materials. 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 is the honorary chairman of Hong Kong Knitwear Innovation and Design Society (香港毛織創新及設計協會), the vice chairman of Hong Kong Footwear Association Limited (香港鞋業商會有限公司) and the vice president of The Federation of Hong Kong Footwear Limited (香港鞋業(1970)總會). 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 35, has been our Director since 30 August 2015. He 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 and a committee member of the Chinese People's Political Consultative Conference Longgang District Shenzhen (中國人民政治協商會議深圳市龍崗區委員會) since September 2016. 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.

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

Mr. Lau Ka Keung (樓家強), *MH, JP*, aged 42, has been our Director since 30 August 2015. He is currently the executive director and president of Million Cities Development Limited (萬城發展有限公司), which is principally engaged in property development and sales. 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 and a standing 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 at 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.

Ms. Fan Chiu Fun, Fanny (范椒芬), *GBS, JP*, aged 64, has been our Director since 29 January 2016. She 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 Charitable 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), *SBS, JP*, aged 66, has been our Director since 29 January 2016. He 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 as well as the chairman of Midland IC&I Limited, a company listed in the main board of Stock Exchange (stock code: 459) since October 2016. Mr. Kan was the non-executive director of Midland Holdings Limited, a company listed in the main board of Stock Exchange (stock code: 1200) between March 2014 and October 2016. 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.

Mr. Ong Chor Wei (王祖偉), aged 47, has been our Director since 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 22 June 2017:

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 Stock Exchange (Stock Code: BO)	Trading of recyclable metal	Executive finance director	Overseeing the finance function within Zibao Metals Recycling Holdings Plc and its subsidiaries

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

Period of Services	Name of the Companies	Principal business activities	Position	Responsibilities
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 Technologies (Group) Limited (formerly known as 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 October 2016	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

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), *JP*, aged 38, has been our Director since 29 January 2016. He 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 22 June 2017:

Period of Services	Name of the Companies	Principal business activities	Position	Responsibilities
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 China	Independent non-executive Director	Board oversight and independent management
March 2013 to January 2017	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, 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 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, China, and Macau	Independent non-executive Director	Board oversight and independent management
July 2015 to May 2017	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 China, Hong Kong, and Macau	Independent non-executive Director	Board oversight and independent management
September 2015 to August 2016	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 66, has been our Director since 29 January 2016. She 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 2013, 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 46, 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 DeTai New Energy 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 46, 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 manufacturing of garment. Mr. Chan passed Hong Kong Certificate of Education Examination in 1989.

Mr. Xie Mingqiang (謝明強), aged 46, 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 46, 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 49, 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

CORPORATE GOVERNANCE PRACTICES

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. 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 for the year ended 31 March 2017.

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.

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 throughout the year ended 31 March 2017.

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.

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

Executive Directors

Mr. Wong Ting Chung *(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

Independent non-executive Directors

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

Except for the family relationship between Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wing Ting Chun, Mr. Wong Ting Kau, Mr. Wong Wai Yue and Mr. Lau Ka Keung as disclosed in the section headed "Biographical Details of Directors and Members of Senior Management" of this annual report, there is no financial, business, family or other relevant relationship between the Directors.

For the year ended 31 March 2017, 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.

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

Directors are 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. Notices and agenda of the Board meetings are prepared by the company secretary as delegated by the chairman. Directors are provided with adequate and timely information to allow them to fulfill their duties properly. They 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.

Directors' Attendance Records

During the year ended 31 March 2017, four physical Board meetings were held at which the Directors reviewed and approved, among other things, (i) the annual results and report of the Group for the year ended 31 March 2016; (ii) the quarterly results of the Group for the three months ended 30 June 2016 ; (iii) the interim results and report of the Group for the six months ended 30 September 2016; and (iv) quarterly results of the Group for the nine months ended 31 December 2016.

The attendance records of individual Directors at the aforementioned Board meetings and at the Company's annual general meeting held on 29 August 2016 are set out below:

	Attendance/Number of Meetings	
Name of Director	**(Board meetings)**	**(Annual general meeting)**
Executive Directors		
Mr. Wong Ting Chung *(Chairman and Chief Executive Officer)*	4/4	1/1
Mr. Wong Wai Wing, Raymond	4/4	1/1
Mr. Wong Ting Chun	4/4	1/1
Mr. Li Po Sing	4/4	1/1
Ms. Chan Mei Hing, Aurora	4/4	1/1
Non-executive Directors		
Mr. Tam Wai Hung, David	4/4	1/1
Mr. Wong Ting Kau	4/4	1/1
Mr. Wong Wai Yue	4/4	1/1
Mr. Lau Ka Keung	3/4	0/1
Independent non-executive Directors		
Ms. Fan Chiu Fun, Fanny	4/4	1/1
Mr. Kan Chung Nin, Tony	4/4	1/1
Mr. Ong Chor Wei	4/4	1/1
Mr. Fan Chun Wah, Andrew	4/4	1/1
Ms. Lee Bik Kee, Betty	4/4	1/1

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.

The audit committee held two physical meetings during the year ended 31 March 2017. In these two meetings, the audit committee discussed and reviewed, among other things, (i) the accuracy and fairness of the Group's audited annual results for the year ended 31 March 2016 and unaudited interim results for the six months ended 30 September 2016; (ii) the work of the Group's internal audit department; and (iii) the effectiveness of the Group's risk management and internal control systems.

The attendance records of individual audit committee members at the aforementioned audit committee meetings are set out below:

Name of audit committee member	Attendance/ Number of Meetings
Mr. Ong Chor Wei *(Chairman)*	2/2
Mr. Kan Chung Nin, Tony	2/2
Mr. Tam Wai Hung, David	2/2
Mr. Fan Chun Wah, Andrew	2/2

The external auditor was invited to attend the meetings without the presence of the executive Directors to discuss with the audit committee members about issues relating to the audit and financial reporting matters. An audit committee meeting was held on 22 June 2017 to consider and review, among other things, the Group's annual results and annual report for the year ended 31 March 2017. 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.

The remuneration committee held two physical meetings during the year ended 31 March 2017. In these two meetings, the remuneration committee discussed and reviewed, among other things, (i) the remuneration packages of the Directors and senior management; and (ii) the grant of share options to eligible participants pursuant to the share option scheme of the Company.

The attendance records of individual remuneration committee members at the aforementioned remuneration committee meetings are set out below:

Name of remuneration committee member	Attendance/ Number of Meetings
Mr. Kan Chung Nin, Tony *(Chairman)*	2/2
Mr. Wong Ting Chung	2/2
Mr. Ong Chor Wei	2/2

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.

The nomination committee held one physical meeting during the year ended 31 March 2017. In the meeting, the nomination committee discussed and reviewed, among other things, (i) the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the Group's business and is in compliance with the requirements of the Listing Rules; and (ii) the recommendation on re-election of retiring Directors at the forthcoming annual general meeting.

The attendance records of individual nomination committee members at the aforementioned nomination committee meeting are set out below:

Name of nomination committee member	Attendance/ Number of Meetings
Mr. Wong Ting Chung *(Chairman)*	1/1
Mr. Kan Chung Nin, Tony	1/1
Mr. Ong Chor Wei	1/1

Board Diversity

The Company recognises and embraces the importance and benefit achieving diversity on the Board has on corporate governance and board effectiveness. During the year ended 31 March 2017, the Company monitored the 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 has developed measurable objectives to implement the board diversity policy and would monitor the progress in achieving these objectives.

EXTERNAL AUDITOR'S REMUNERATION

The amount of fees charged by the Company's external auditor, PricewaterhouseCoopers, in respect of their audit and non-audit services including review interim financial information for the year ended 31 March 2017 amounted to HK$2.7 million and HK$0.8 million, respectively.

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 of corporate activities 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. All the Directors are also encouraged to attend relevant training courses at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code for the year ended 31 March 2017 and they participated in the following types of continuous professional development:

Name of Director	Type of continuous professional development
Executive Directors	
Mr. Wong Ting Chung *(Chairman and Chief Executive Officer)*	(I), (II)
Mr. Wong Wai Wing, Raymond	(I), (II)
Mr. Wong Ting Chun	(I), (II)
Mr. Li Po Sing	(I), (II)
Ms. Chan Mei Hing, Aurora	(I), (II)
Non-executive Directors	
Mr. Tam Wai Hung, David	(I), (II)
Mr. Wong Ting Kau	(I), (II)
Mr. Wong Wai Yue	(I), (II)
Mr. Lau Ka Keung	(I), (II)
Independent non-executive Directors	
Ms. Fan Chiu Fun, Fanny	(I), (II)
Mr. Kan Chung Nin, Tony	(I), (II)
Mr. Ong Chor Wei	(I), (II)
Mr. Fan Chun Wah, Andrew	(I), (II)
Ms. Lee Bik Kee, Betty	(I), (II)

(I) Attending seminars/webinars.
(II) Reading/watching materials in relation to the roles, functions and duties of a listed company director and the latest developments in the relevant rules and regulations.

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 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(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.

The Board also encourages shareholders to attend general meetings to make enquiries with the Board directly.

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 of the Company on the Stock Exchange. During the year ended 31 March 2017, there is no change to the memorandum and articles of association of the Company.

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 2017 under the section headed "Management Discussion and Analysis" of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

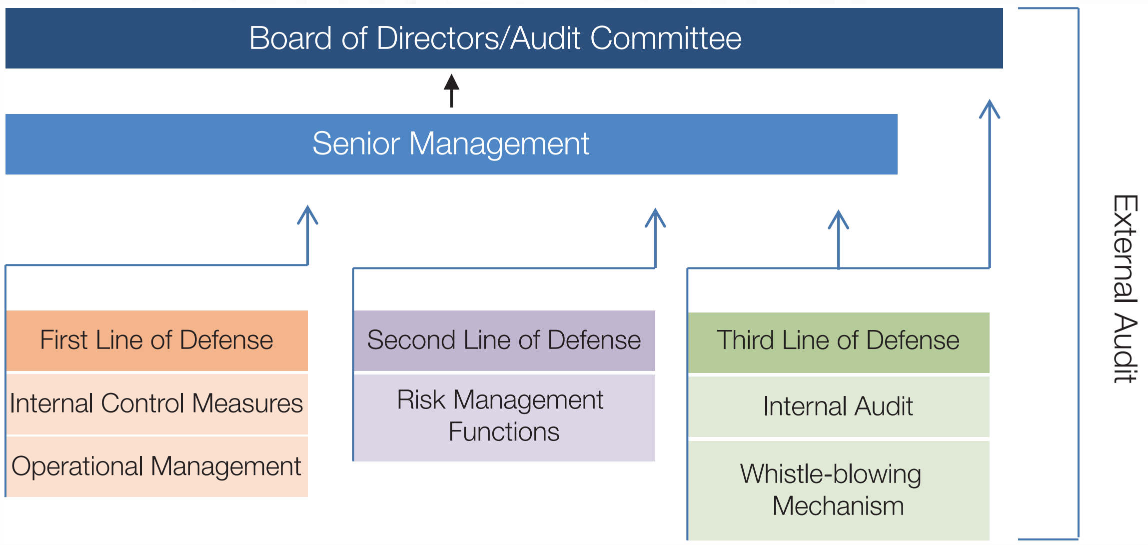
The Group has an internal control system which plays an important role in maintaining and improving accountability and transparency in the conduct of the Group's business, safeguarding the interests of the Company's shareholders and the assets of the Group and enhancing investor confidence. On the other 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.

Main Features of Risk Management and Internal Control Systems

We adopt the following risk structure to identify, analyse, evaluate and manage the risks associated with the Group. Our internal control system is developed based on the framework of Committee of Sponsoring Organizations of the Treadway Commission, which covers five components, namely Control Environment, Risk Assessment, Control Activities, Information and Communication as well as Monitoring Activities.

Risk Governance Framework

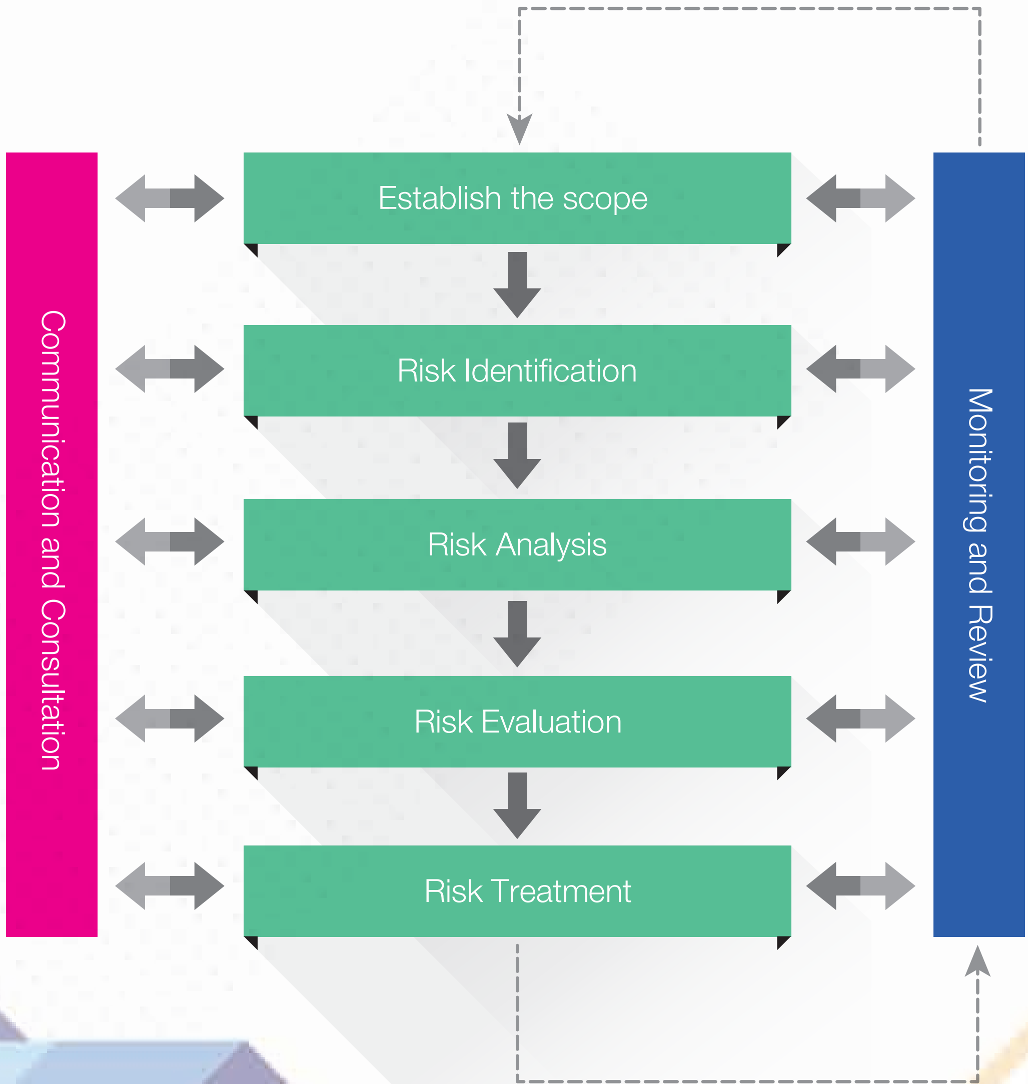
The Group's risk governance framework is guided by the "Three Lines of Defense" model, with the objective to achieve risk management by means of internal control measures, operational management, risk management functions, internal audit and whistle-blowing mechanism.



Being the first line of defense, the Group's business unit is responsible for identifying, evaluating and monitoring the risks associated with each business or transaction, minimising the potential risks posed to business operations through various policies, procedures of operational management and internal control measures. The second line of defense is to set the categories and scope for managing specific risks and to raise queries to the first line of defense on effective risk management and control. The third line of defense is the internal audit and whistle-blowing mechanism. Internal audit is a risk-based approach to determine whether significant monitoring measures can effectively control the risks exposed to the Group.

The controls built into the risk management system are intended to manage rather than completely eliminate significant risks in the Group's business environment. The Group's risk management procedures include the followings:

- to identify significant risks in the Group's operational environment and evaluate the impact of those risks on the Group's business;
- to develop necessary measures to manage those risks; and
- to monitor and review the effectiveness of the measures.



Process Used for Identifying, Evaluating and Managing Significant Risks

The process used by the Group to identify, evaluate and manage significant risks are briefly described as follows:

Establish the scope

- Establish the scope for assessing risk profiles and set the assessment criteria.

Risk Identification

- The Group adopts a bottom-up approach to identify risks that may have potential impact on the Group's business and operations.

Risk Analysis

- Mainly analyse from the two perspectives of the possibility of the occurrence of risks and the extent of the impact of those risks on the Group's objectives.

Risk Evaluation

- Evaluate the extent of identified risks using the assessment criteria established by the management; and

- Consider the impact of those risks on the business and the possibility of their occurrence.

Risk Treatment

- Prioritise risks by comparing the results of risk evaluation; and

- Risk management strategies and internal control procedures are established by operational management to prevent, avoid or mitigate risks through internal monitoring units.

Monitoring and Review

- Monitor risks on an ongoing and regular basis, and establish appropriate internal control procedures based on the production and operational process;

- In the event of any major changes in the production and operational process, review the risk management policy and revise the internal control procedures (if necessary); and

- Report the results of risk monitoring to the management, Audit Committee and Board of Directors on a regular basis.

Communication and Consultation

- It is necessary to communicate and consult with internal and external stakeholders in each step of the risk management process.

Risks are classified into six different categories for assessment: strategy, finance, operations, compliance, external environment and human capital. The Risk Register records the major risks exposed to the major operating units of the Group. The Group has classified the major risks based on the aforesaid categories that may have a significant impact on the Group, and will regularly assess the potential impact and possibility of each major risk on the Group. For significant risks, each operating unit shall propose and implement mitigation actions.

Each operating unit shall submit an update on its respective Risk Register every six months for compiling the Group's risk management report.

The Board confirms that it is responsible for monitoring the risk management and internal control systems of the Group, and reviewing their effectiveness through the Audit Committee at least annually. Such reviews cover all material controls, including financial, operational and compliance controls. The risk management and internal control systems are designed to manage rather than eliminate the risks associated with the failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's Significant Risks

- Due to the intense competition in the human capital market, our failure to recruit, replenish or retain key employees may impact the business development and the ability to achieve the Group's objectives.

- There is uncertainty about the trade policy enforced by the new government of the United States of America, which may be detrimental to our current operations.

- Global economic slowdown and climate warming hit the overall demand for knitwear products, which in turn affect our sales. These may have an impact on our business, financial condition and operating results.

- We have a concentrated customer base as revenue attributable to the top five customers account for approximately 90% of total sales. Any changes in their decisions to purchase products from us may have impact on our business and financial condition.

- Shipping and container spaces were in shortage after a large shipping company got into financial trouble in the middle of 2016. Moreover, changeable weather and unexpected weather changes in recent years could affect our delivery schedules. Delays in delivery schedules may impact our business, reputation, financial condition and operating results.

- China is toning up restrictions and requirements for pollutant emissions so that machinery and equipment may not comply with the regulations if they are not upgraded or modified in a timely manner. Moreover, since we are governed by the regulations in different business locations, changes in these regulations may render us unable to comply with the local regulations in a timely manner, giving rise to non-compliance risks.

- Since most of our operating expenses are settled in Renminbi, fluctuations in the exchange rate of Renminbi against the US dollar will have an impact on the Group's costs and operating margins. The Group's bank borrowings are at floating rates. If the current interest rate rises, the floating-rate borrowings will lead to an increase in finance costs.

- The increased number of cyber-attacks may affect us.

- Given the midstream textile industry in Vietnam holds potential for growth, we intend to develop a textile weaving and dyeing project there. Moreover, the management continues to look for potential growth opportunities arising from the diversification of the existing business scope so as to broaden the Group's revenue base and customer base.

However, these projects involve capital allocation, financing, budget, schedule, partnership, resource competition, grant of approval and other aspects, which may not in line with our expectations or budget. Moreover, during the development and strength of diversified products, we may assess the market situation and development mistakenly and may not be able to establish a long-term partnership with customers. These risks may affect our business, prospects, financial condition and operating results.

Measures to Enhance the Group's Internal Control System

On the other hand, we also 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 systems and their compliance with the Listing Rules.

The Company's Internal Audit Department performs internal audit function and the Board is responsible for overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group on an ongoing basis. The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems and considered that they are adequate and effective.

Measures to Safeguard the Interests of the Company and its Shareholders against Competition Issues

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 non-competition undertaking, please refer to the Company's prospectus 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.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has developed an inside information policy which provides a guidance to the Directors and the Company's senior management and relevant employees in handling inside information, monitoring information disclosure and responding to enquiries. The Company should take all reasonable measures to ensure the confidentially of inside information until consistent and timely disclosure of such information is made.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 March 2017 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 under review. 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, informed and prudent judgment 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 84 to 88 of this annual report. The Directors are also responsible for the risk management and internal control systems and reviewing their effectiveness, which includes 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 27 to 28 of this annual report, for the year ended 31 March 2017 is set out below:

	Number of Individuals
Remuneration bands	
HK$Nil — HK$500,000	2
HK$500,000 — HK$1,000,000	1
HK$1,000,000 — HK$1,500,000	1
HK$1,500,000 — HK$2,000,000	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 2017.

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 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's principal activities during the year ended 31 March 2017.

BUSINESS REVIEW

A business review of the Group for the year ended 31 March 2017 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 18 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated income statement on page 89 of this annual report.

An interim dividend of 3.8 HK cents per share was paid on 30 December 2016 to the shareholders. The Board has resolved to declare a final dividend of 2.0 HK cents per share for the year ended 31 March 2017. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company, the final dividend of 2.0 HK cents is expected to be payable on or about Monday, 18 September 2017 to the shareholders whose names recorded on the register of members of the Company at the close of business on Tuesday, 5 September 2017.

DONATIONS

Charitable and other donations made by the Group for the year ended 31 March 2017 amounted to approximately HK$4.0 million (2016: HK$3.5 million).

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in the reserves of the Group and the Company during the year ended 31 March 2017 are set out in note 27 and note 32 to the consolidated financial statements respectively.

As at 31 March 2017, 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$1,275.5 million (2016: 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 2017 are set out in note 23 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 2017 are set out in note 26 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 aforementioned 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 2017 attributable to the Group's major customers and suppliers are as follows:

Revenue from sales of goods attributable to:	
— the largest customer	61.1%
— five largest customers in aggregate	89.5%
Purchases attributable to:	
— the largest supplier	24.6%
— five largest suppliers in aggregate	51.8%

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 2017.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the five years ended 31 March 2017 are set out on page 156 of this annual report. This summary does not form part of the audited financial statements.

DIRECTORS

The Directors during the year ended 31 March 2017 and up to the date of this annual report are as follows:

Executive Directors

Mr. Wong Ting Chung *(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

Independent non-executive Directors

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

In accordance with article 84(1) of the Company's articles of association, Mr. Wong Wai Wing, Raymond, Mr. Li Po Sing , Mr. Wong Ting Kau, Mr. Kan Chung Nin, Tony 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 OF SIGNIFICANCE

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 shareholder 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 2017.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision contained in the Company's articles of association that is subject to the requirements specified in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors of the Company was in force during the year ended 31 March 2017 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 2017 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 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.

    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 and accordingly, the entering into the Master Hotel Services Agreement with our Company constituted a continuing connected transaction for our Company.

(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"), an 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.

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 and accordingly, the entering into the Consultation Service Agreement with our Company constituted a continuing connected transaction for our Company.

(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.

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 and accordingly, the entering into the Tenancy Agreement with the parties thereto constituted a continuing connected transaction for our Company.

The aforementioned continuing connected transactions have been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforementioned continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

As at 31 March 2017, 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 Securities and Futures Ordinance (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 held or interested in	Approximate percentage of issued share capital of the Company (4)
Mr. Wong Ting Chung (1)(2)	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Wong Wai Wing, Raymond (1)(2)	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Wong Ting Chun (1)(2)	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Li Po Sing (2)	Beneficial owner	1,500,000	0.1%
Ms. Chan Mei Hing, Aurora (2)	Beneficial owner	1,500,000	0.1%
Mr. Tam Wai Hung, David (3)	Beneficial owner	1,000,000	0.05%
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 to be interest in the shares held by the Happy Family Trust under the SFO.

Note 2: Each of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun, Mr. Li Po Sing and Ms. Chan Mei Hing, Aurora has a beneficial interest in options granted to him/her on 29 August 2016 under the Share Option Scheme (as defined below) and which, if exercised in full, would result in the issue to him/her of 1,500,000 shares.

Note 3: Mr. Tam Wai Hung, David has a beneficial interest in options granted to him under the Share Option Scheme (as defined below) and which, if exercised in full, would result in the issue to him of 1,000,000 shares.

Note 4: The calculation is based on the total number of issued ordinary shares of 2,075,000,000 shares as at 31 March 2017.

Details of the interests of the Directors and chief executive in the options (being regarded as unlisted physically settled equity derivatives) granted to them under the Share Option Scheme (as defined below) are set out in the section headed "Share Option Scheme" in this annual report.

Save as disclosed above, as at 31 March 2017, 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 for the year ended 31 March 2017 was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed above, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2017, 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 of his/its compliance with the non-competition undertakings given to the Company under the deed of non-competition, as defined in the Prospectus, for the year ended 31 March 2017.

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

SHARE OPTION SCHEME

The Company has approved and adopted a share option scheme on 29 January 2016 (the "Share Option Scheme"). Under the Share Option Scheme, 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 the eligible participants an opportunity to have a personal stake in the Company 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 share 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) immediately after listing, 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 share 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 share options which will result in the number of shares in respect of all the share options granted exceeding the then maximum number of shares provided that such share options are granted only to eligible participants specifically identified by the Company before shareholders' approval is sought (in which case such share 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 share options granted and yet to be exercised under the Share Option Scheme and any other share 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.

(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 share option if the total number of shares issued and to be issued upon exercise of the share 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 share 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 share options already granted and to be granted (including share 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 share 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 share options

An share 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 share 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 a share 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 share options granted under the Share Option Scheme can be exercised.

(g) Subscription price

The subscription price in respect of any share 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 a share 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 a share 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 a share 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 share options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Share options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

For the year ended 31 March 2017, the total number of share options the Company granted to the employees and some of the Directors amounted to 28,100,000 share options. As at the date of this annual report, the number of share options that could still be granted under the Share Option Scheme was 171,900,000 share options representing approximately 8.28% of the existing issued share capital of the Company.

Save as disclosed, none of the share options granted has been exercised, cancelled or lapsed during the year ended 31 March 2017.

On 29 August 2016, the Company has offered to grant a total of 28,100,000 share options to certain eligible participants. For details, please refer to the announcement of the Company dated 29 August 2016. Details of the movements of the share options under the Share Option Scheme during the year ended 31 March 2017 are as follows:

Grantee	Date of Grant	Exercise Price (Note 1) HK$	Exercise Period (Note 2)	Number of Share Options: Balance as at 1 April 2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 March 2017
Mr. Wong Ting Chung	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,500,000	–	–	–	1,500,000
Mr. Wong Wai Wing, Raymond	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,500,000	–	–	–	1,500,000
Mr. Wong Ting Chun	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,500,000	–	–	–	1,500,000
Mr. Li Po Sing	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,500,000	–	–	–	1,500,000
Ms. Chan Mei Hing, Aurora	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,500,000	–	–	–	1,500,000
Mr. Tam Wai Hung, David	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	1,000,000	–	–	–	1,000,000
Other employees of the Group (Note 3)	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	19,600,000	–	–	–	19,600,000
Total				–	28,100,000	–	–	–	28,100,000

Notes:

1. The closing price of the shares of the Company immediately before the date of grant (i.e. as at 26 August 2016) was HK$1.40.

2. The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
The remaining share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026

3. Employees working under employment contracts that were regarded as "continuous contracts" for the purpose of the Hong Kong Employment Ordinance.

4. The fair value of the share options as at the date of grant, its calculation and the model and assumptions used to estimate the fair value of the share options are set out in note 28 to the consolidated financial statements.

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

So far as known to the Directors and chief executive of the Company, as at 31 March 2017, 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 held or interested in	Approximate percentage of issued share capital of the Company (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	1,501,500,000	72.4%
Ms. Kwan Ying Tsi, Catherine (3)	Interest of spouse	1,501,500,000	72.4%
Ms. Tsoi Suet Ngai (4)	Interest of spouse	1,501,500,000	72.4%
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 to be interested in the shares held by Nameson Investments Limited under the SFO.

(2) Ms. Wang Kam Chu is the spouse of Mr. Wong Ting Chung and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chung under the SFO.

(3) Ms. Kwan Ying Tsi, Catherine is the spouse of Mr. Wong Wai Wing, Raymond and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Wai Wing, Raymond under the SFO.

(4) Ms. Tsoi Suet Ngai is the spouse of Mr. Wong Ting Chun and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chun under the SFO.

(5) Ms. Chan Ka Wai is the spouse of Mr. Wong Ting Kau and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Kau under the SFO.

(6) The calculation is based on the total number of issued ordinary shares of 2,075,000,000 shares as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, 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 2017 or subsisted as at 31 March 2017.

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 2017.

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

For the year ended 31 March 2017, 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 THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the listing of the Company amounted to approximately HK$635.4 million. Such proceeds have been used according to the allocation set out in the Prospectus. Use of net proceeds from the Listing Date to 31 March 2017 is set below as follows:

Items	Approximate utilised amount up to 31 March 2017 HK$(million)
Construction of factory buildings and purchase of machinery for the second phase of our Vietnam Factory	327.5
Repayment of part of our bank loans	93.2
Enhancing design and product development capabilities	5.6
Enhancing existing enterprise resource planning system	7.5
General corporate purposes	54.7
Total	488.5

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 19 to 28 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. The Board is of the view that the Company is in compliance with the mandatory code provisions of the CG Code for the year ended 31 March 2017.

For details of the Corporate Governance Report, please refer to pages 29 to 45 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 for the year ended 31 March 2017.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") for the year ended 31 March 2017 is scheduled to be held on Monday, 28 August 2017. A notice convening the AGM will be issued and disseminated to the Company's shareholders in due course.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare a final dividend of 2.0 HK cents per share for the year ended 31 March 2017 to be paid to the shareholders of the Company whose names are recorded on the register of members of the Company at the close of business on Tuesday, 5 September 2017. The final dividend, subject to the approval by the shareholders at the AGM, is expected to be payable on or about Monday, 18 September 2017. The Company's register of members will be closed from Friday, 1 September 2017 to Tuesday, 5 September 2017 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to qualify for the final dividend, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Thursday, 31 August 2017.

For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 23 August 2017 to Monday, 28 August 2017 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to be entitled to attend and vote at the AGM, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22 August 2017.

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 year ended 31 March 2017, the Board is not aware of any material breach or non-compliance with relevant local laws and regulations which have a significant impact on the Group's business.

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 AGM.

On behalf of the Board
Wong Ting Chung
Chairman and Chief Executive Officer
22 June 2017

Environmental, Social and Governance Report

ABOUT THE REPORT

As the first Environmental, Social and Governance Report (the "Report") of Nameson Holdings Limited (the "Company"), the Report highlights the policies and strategies to achieve sustainable development implemented by the Company and its subsidiaries (collectively, the "Group"/"we") for the year ended 31 March 2017 (the "Year"). Unless otherwise stated, the Report mainly covers the sustainable development performance and actions of our six factories, namely Huizhou Liyun Knitting Factory Limited, Huizhou Nanguan Knitting Factory, Huizhou Jiaming Knitting Factory Limited, Huizhou Nanxuan Knitting Factory Limited, Huizhou Lihao Fashion Limited (collectively, the "PRC Factories") and First Team (Vietnam) Garment Limited (the "Vietnam Factory").

The data and information disclosed in the Report are prepared and provided by the respective administration departments of the PRC Factories, the Vietnam Factory and the Hong Kong office of the Group. The content of the Report is in compliance with the applicable disclosure requirements of the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Company Profile

Established in 1990, the Group offers one-stop services including innovative design, raw material procurement, product design, sample development, high-quality products and timely delivery to our customers. We have been supplying quality knitwear products to internationally renowned apparel brands over the years. Currently, our production bases are located in Huizhou, Guangdong Province, the PRC and the outskirts of Ho Chi Minh City, Vietnam.

Corporate Culture

Our operating philosophy is as follows:

The people, our wealth	We care for the physical and mental development, health and safety of our staff. In addition to being responsible for the internal affairs of the Company, we also strive to take care of the interests and needs of our customers and the general public to benefit all and achieve win-win situation.
The market, our direction and our drive	Our operating strategies are formulated based on market trends, peer competition and our customers' needs. Product design, development and management of the Group are all determined according to the needs of our customers and the market. The Group maintains effective communication with our customers through cross-department coordination so as to optimise the quality and timely delivery of our products, thereby enhance our competitive advantage.
Integrity, our attitude	We lay our foundation for development with integrity, placing high value on our relationship with our partners, customers and staff, and establish the culture of loyalty and credibility with them.

Vision, Mission and Sustainable Development Strategies

As one of the leading knitwear manufacturers in the PRC, we aim at offering quality, perfect products and services to our customers through innovation and continuous improvement, and creating long-term value for the community, investors, partners, staff and customers. By promoting "learning, innovation, environmental consciousness and low carbon practices, as well as creating a warm, friendly and harmonious environment", we are dedicated to unleashing our corporate mission of "advocating mutual gains and sustainable growth" and fully fulfilling our corporate social responsibilities.

Listening to our Stakeholders

We believe that grasping the views of stakeholders can lay a solid foundation for the long-term growth and success of the Group. We provide stakeholders in different fields with various channels, including the annual general meetings, the website and email of the Group, to express their views on our sustainable development and future strategies. To reinforce mutual trust and respect, we are committed to maintaining formal and informal communication channels with our stakeholders for better formulation of our business strategies, in order to satisfy the needs and expectation of our stakeholders. We regard our staff, customers, business partners, shareholders, suppliers and the whole community as our key stakeholders. The structure of the Report is based on the information collected from different communication channels. To enhance the sustainable development of the Company's business in the future, we welcome any opinions and suggestions in regard to the Report. Please send your feedback via email at nameson_sprg@sprg.com.hk.

Honours Awarded During the Year

The honours awarded to the Group during the Year include:

Awarding Authority	Honour/Award
The Hong Kong Council of Social Service	Caring Company
The Federation of Hong Kong Industries and Bank of China (Hong Kong)	BOCHK Corporate Environmental Leadership Awards 2016

THE PEOPLE, OUR WEALTH

We firmly believe that staff talent is one of the keys to the success of business operations. In formulating the operating directives and management policies of the Group, we thoroughly take into account of the physical and mental development, as well as health and safety of our staff. We attend to the needs of our staff so that all of them can devote their full effort to their work, thereby improving the management effectiveness of the Group. We are committed to complying with the employee or labour laws and regulations applicable to different regions. To the best knowledge of the directors of the Company (the "Directors"), the Group was not subject to any material administrative penalties or fines for any breach of employment laws or regulations during the Year.

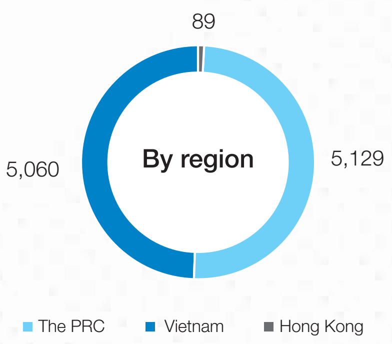
Recruiting High Caliber Talents

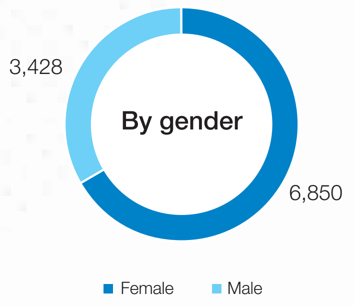
We seek and welcome high caliber talents with good experience and knowledge to join us. We recruit talents primarily by placing recruitment advertisements in newspapers or on the Internet, and posting recruitment advertisements on the bulletin board of our factories; also via employment agencies and on campus recruitment day.

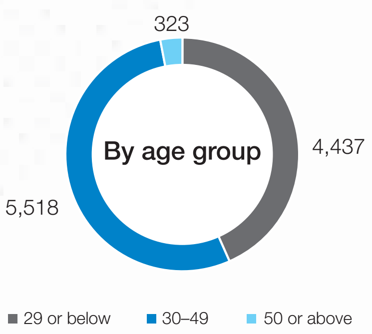
As an employer advocating equal opportunities, we do not take into account of the gender, nationality, age, religion, marital status, sexual orientation, disability, political stand, social status, race or other factors that are not related to the competency and qualifications of the job applicants during the recruitment process.

Whenever an employee resigns, our human resources personnel will conduct exit interview with the employee to figure out the reason for resignation and to seek the employee's feedback on management, in order to identify, understand and address the deficiencies of our business management and to ensure full compliance with relevant employment laws and regulations.

As at 31 March 2017, the Group has a total of 10,278 full-time employees. Breakdown by region, gender and age group are as follows:







Safeguarding the Rights and Interests of Employees

We respect the rights and interests of our employees, and are committed to creating a working environment free from any discrimination against gender, nationality, age, religion, marital status, sexual orientation, disability, political stand, social status or race. We adhere to the principle of "effort-based remuneration" and never deduct wages unlawfully or force our staff to work overtime, so as to ensure fair remuneration and adequate rest time for our staff. The employees of PRC Factories and Vietnam Factory generally work 8 hours a day, and have at least one day off per week. Apart from providing employees with appropriate employee benefits such as social security scheme, compassionate leave, work-related injury leave, sick leave and other statutory holidays, we offer various additional benefits such as staff quarters, meals and company coaches for transportation to and from work. In addition, there are also labour unions in our factories with the primary function of representing and protecting the legitimate rights and interests of our staff. The labour unions also act as one of the communication channels for the Group to collect, listen and timely respond to the needs of our staff.

We provide wages and benefits not less favourable than the local statutory minimum wages and benefits according to the laws and regulations of the places where we operate. We also award additional bonuses based on the performance and contributions of our staff. We have developed a set of human resources procedures to regularly review and evaluate the performance and development of our staff. Apart from assessing the working ability, the criteria of our assessment also focus on factors such as interpersonal skills, teamwork and enthusiasm. Employees with outstanding performance who are eligible for promotion may have the opportunity for promotion and/or salary adjustment to demonstrate the Group's affirmation of their values.

Warm and Friendly Working Environment

To enable our staff to achieve work-life balance, and to relax and enjoy cultural life after work, as well as to cultivate and enhance the internal cohesiveness and the sense of belongings of our employees, we are committed to creating a warm and friendly working environment, including:

➢ We have set up fitness and recreational facilities in our factories for our staff to relax and do body training after work.

➢ To show our support and care for working mothers, we have areas for breastfeeding which provide private, comfortable and hygienic breastfeeding space for our staff during the lactation period.

➢ In addition to statutory maternity leave for eligible pregnant employees, our Hong Kong office also offers statutory paternity leave to eligible father-to-be employees.

➢ We also provide social insurance benefits to safeguard the legitimate rights and interests of our employees.

➢ Various types of activities or gatherings, such as Mid-Autumn Festival evening gala, National Day evening gala and birthday parties for our staff, are held from time to time for employees' participation to enhance the sense of belongings and internal cohesiveness of our employees within the Group. The PRC Factories organise sports competitions or skills contests from time to time for relaxation of our employees.

The PRC Factories —
National Day Evening Gala

The Vietnam Factory —
2016 Lunar New Year Evening Gala

➢ We have a psychological counseling corner with professional counselors to provide psychological counseling services to our employees, and to help some of our new employees who are working far from their hometowns to adapt to the working environment as soon as possible.

➢ The labour union of the PRC Factories also regularly organise various types of interest classes, such as tea ceremony and yoga class, to provide our staff with multi-faceted learning opportunities.

The PRC Factories — Linking Skill Contest

The PRC Factories — Yoga Class

Occupational Health and Safety

Adopting “Safety First, Prevention as Priority” as the core value of our production safety, we have implemented a number of actions in our production facilities to enhance occupational health and production safety, and to ensure compliance with applicable laws and regulations. We have developed safety guidelines, rules and procedures for different aspects of our production activities, including fire safety, factory safety, work injury and prompt emergency evacuation procedures. We adhere to comply with the laws and regulations applicable to our factories in the respective place of operation. To the best knowledge of the Directors, the Group was not subject to any material administrative penalties or fines for any breach of laws or regulations relating to the provision of a safe working environment or the protection of employees against occupational hazards during the Year.

Apart from establishing the management system of production safety, we have primarily taken the following actions to protect the occupational health and safety of our employees:

- All the newly recruited factory workers are required to receive trainings on occupational safety and hygiene and first-aid knowledge so as to understand the safe operational procedures required for their positions and to raise their awareness of production safety.

- Only those employees who have received professional trainings and equipped with proper protective gears can operate dangerous mechanical equipment.

- Machineries and equipment are inspected regularly to prevent the occurrence of accidents.

- All offices and factory buildings are equipped with first-aid medical supplies and staff with first-aid certificates are stationed to take care of employees who are physically ill or involved in work accidents.

- All employees are required to attend regular trainings on the use of safety equipment, hygiene and first-aid knowledge to enhance their capability to respond to contingencies.

- Occupational Safety and Health Committee and Emergency Management Committee are established to monitor the measures relating to occupational health, production safety and fire prevention in our factories.

- Our offices and factories are smoke-free space. Fire equipment and fire alarm systems are installed and inspected regularly as required by local regulations in different regions. In addition, we regularly provide our staff with training seminars on fire prevention knowledge and fire drills to enhance their awareness of fire prevention.

- In accordance with requirements, we have also commissioned independent third party agencies to regularly carry out dust, hazardous toxicants and noise tests for the PRC Factories and the Vietnam Factory to check whether the factory environment meets the occupational health standards.

With the effective implementation of the above actions, the number of working days loss due to work injury recorded by the Group was only 127 days during the Year, and there were no record of serious work injuries or death.

Learning and Innovation

The Group emphasises on the personal development and growth of the staff and hopes that the staff will continue to learn and grow with the Group to create a win-win situation. The Group encourages our staff to pursuit further studies in relation to the requirement of their positions and provides different internal and external courses for our staff at all levels, including entry and continuing training courses, to enhance the working knowledge of our staff.

The Group also actively provides continuing professional trainings for our Directors and senior management in order to maintain and update on industry-related knowledge and skills so as to keep up our pace with the time. Professional trainings include various types of lectures and seminars, including updates on corporate governance and relevant laws and regulations.

The Group also provides its finance staff with professional training in areas such as accounting system, financial knowledge and PRC taxation, with an objective to further enhance the professional knowledge of the staff about their jobs. During the Year, the Group also organised training courses including first-aid, waste recycling, industrial safety equipment and chemicals, computer security and workplace etiquette for the staff of the PRC Factories and the Vietnam Factory.

Child and Forced Labour

Child labour severely affects the growth of children, hinders their access to education, harms their self-esteem and threatens their physical and mental health. No enterprise should employ persons below the local legal working age or without completion of compulsory education. Forced labour means to force any person to work in an involuntary manner by means of a threat of punishment, which include withholding identity documents, forcing the payment of a deposit, threatening to dismiss, and forcing to work overtime without the person's consent.

As child and forced labour adversely infringe basic human rights, the Group has the obligation to eradicate these circumstances. We strictly standardise our recruitment process and fulfill responsibilities of oversight and management, in order to eradicate the breaches of laws and regulations involving child labour at source. During the Year, the Group had not discovered or involved in any case involving child or forced labour. In accordance with the relevant legal regulations, we verify and confirm personal information during the recruitment process, preventing the breaches of laws at source and satisfy the reasonable expectation of the society.

In the meantime, the formation of labour unions also ensures that potential conflicts and contradictions between all staff as well as with the management and the Group can be resolved by way of peaceful negotiation, so as to keep a harmonious working atmosphere. Staff can submit complaints to labour unions through suggestion boxes, telephone or other means. Labour unions would protect the privacy of the complainants and would not disclose their identity and complaint content. In respect of the staff's complaints, the Group would deploy dedicated staff to carry out investigations. In case the complaints are true, we will take appropriate actions or impose appropriate punishments on the relevant personnel or problems in accordance with the regulations.

Anti-Corruption

To operate in line with its commitment to maintaining openness, integrity and an accountability standard, the Group has formulated the Conflicts of Interest Policy, in addition to the Staff Handbook which standardises the ethical conduct of staff, to enable our staff to clearly understand the handling procedures if any conflict of interest occurs. In addition, we have also established the Anti-fraud and Reporting Procedures to enable our staff to make anonymous reports regarding bribery, fraud and corruption to the internal audit department or the Audit Committee by means of an independent reporting channel. During the Year, no reporting or proceeding of corruption, bribery, extortion, fraud and money laundering against the Group or staff of the Group had occurred or had been noted.

THE MARKET, OUR DIRECTION AND OUR DRIVE

Since the establishment in 1990, we have accumulated extensive expertise and know-how. Together with our strength in design and research and development, as well as advanced technology and highly automated production, we are able to produce quality products with creative design continuously and efficiently. We are renowned for the provision of innovative and one-stop services. Our design and development team carry out market research and analysis to keep pace of the fashion trend, enabling the Group to create or collaborate with our customers to design and develop new styles of yarn and knitwear.

Product Quality Assurance and Responsibility

The knitwear products we produced can be divided into 3 categories, namely womenswear, menswear and other products such as childrenswear, scarfs, hats and gloves. We value our product quality and have established a strict quality control system for the whole production process. We believe that this is one of the Group's success factors. The Group's yarn and products meet the criteria of Oeko-Tex Standard 100 Class II certification of Institute of the International Association for Research and Testing in the Field of Textile Ecology, which certifies that our yarn and products suit the pH value of skin, and are free from substances hazardous to human bodies or the environment including allergenic or carcinogenic substances, pesticides, chlorinated organic substances and formaldehyde exceeding the regulated limit, and have passed the tests for heavy metals.

In addition, in view of the keen competition in the global fashion retail market and the international branding of our customers in the global apparel market, our customers put great emphasis on product quality and safety. Accordingly, we impose strict quality control over the whole production process, and our raw materials are also subject to comprehensive laboratory testing, including but not limited to tests of colour fastness to washing, colour fastness to water and colour fastness to perspiration at the PRC Factories' on-site Testing Centre approved by our customers and certified by SGS. The whole quality control system is implemented throughout our production process, from raw material procurement to product delivery, in order to make sure that our products comply with the national, industrial and internal strict standards.

Our measures of quality control include:

Suppliers	We evaluate the quality of suppliers and conduct site visits and assessments at the premises of major suppliers from time to time.
Yarn	We conduct various quality tests on yarn before it is used in production to ensure that its quality meets the relevant standards and requirements of our customers.
Production	At each principal stage of our production process, our production team performs various inspections, including inspection of knitted panels, inspection of knitted panels after linking and stitching, and inspection of semi-finished products after washing, size inspection and inspection after steam ironing. Our quality control staff also perform sample checks of semi-finished products and finished products at each principal stage of the production process. All finished products are required to pass the final inspection and needle detection, so as to ensure that our products adhere to our customers' specifications and comply with our quality standards.
Outsourced manufacturers	We select suitable outsourced manufacturers by evaluating several criteria, including their production capacity, quality and prices, and conduct site visits and assessments at the premises of our outsourced manufacturers.
Customers	As our customers are mainly international apparel brands retailers, our raw materials and production process must comply with customers' code of conduct and strict quality requirements. Apart from the procedures of internal quality inspections, our customers, from time to time, delegate specialists to carry out inspections on their behalf in our factories, including inspections of regulations, product quality as well as environmental and labour standards. We also submit quality reports to our customers on a regular basis.

The PRC Factories
— Testing Centre

Quality Control
— Process of Needle Detection

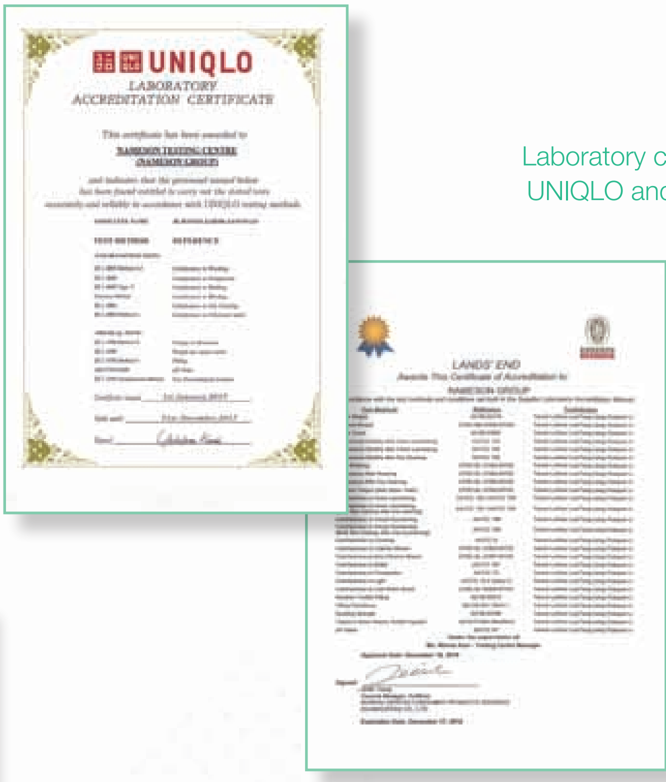
We have obtained numerous accreditations/certifications in recognition of our control on product quality. The following sets out the major accreditations/certifications related to our product control.

Accreditation/Certification	Awarding Authority/ Accrediting Body	Description
SGS Field Solution Consultancy Services Certificate	SGS-CSTC Standard Technical Services — Guangzhou Branch	Our Testing Centre has been certified to carry out quality tests as specified in the Certificate on our yarn and finished knitwear products
Woolmark Certificate/ Woolmark Blend Certificate	The Woolmark Company	We have been certified to use the marks as specified in the Woolmark Certificate/Woolmark Blend Certificate on our products
Laboratory certification	Our customers	Our Testing Centre is authorised by our customers to carry out certain quality tests
ISO 9001:2015 quality management system certification	SGS United Kingdom Ltd	Our quality management system for production meets the requirements of ISO 9001:2015 for the production of knitwear products

SGS Field Solution Consultancy Services Certificate

Woolmark Certificate
Woolmark Blend Certificate

Environmental, Social and Governance Report (continued)



Laboratory certification — UNIQLO and Lands' End

ISO 9001:2015 quality management system certification

Product Returns

The Group's production and operation are subject to the laws and regulations of product liability in places where we operate. Although the end customers, who alleged personal injuries caused by the purchase of our products, only make claims to the retailers in most circumstances, due to the fact that they often only know the retailers that sold products but not the suppliers in the sale chain, we are still exposed to the risk of potential product liability claims as mentioned above. In view of the nature of our products, our Directors consider that the risk of potential product liability claim is relatively low.

As our product returns policy, we accept any product returns made due to defects caused by us and bear the costs of such product returns after conducting internal investigations. Depending on the circumstances, we may repair or replace the defective products or refund to our customers. If we receive a defective product complaint from a customer, we will conduct an internal investigation. In case we ascertain the cause of the defect to be the liability of raw material suppliers or outsourced manufacturers, we would seek reasonable compensation from them. During the Year, there was no material product liability claim against us, and we had not experienced any product recalls or any major customer complaints against our product quality.

Data Protection and Privacy

We have implemented the information security policy to protect the privacy and confidentiality of our staff, customers, business partners and other personal data. Staff are directed to handle customer data cautiously, and can only obtain data relevant to customers when necessary. Notices are posted in the sample development unit, display rooms and workshops areas of our factories, reminding staff that no photos are allowed without permissions. Our factories, as requested by our customers, destroy the remaining brand labels in the presence of our customers at the end of each year, in order to avoid misappropriation of the labels. We collect and use customer data in a responsible and fair manner, and the customer data can only be used for the purposes set out in the customer contracts. In so far as we know, during the Year, there was no breach of regulations nor any case of data leakage, and we had not received complaints that the Group failed to protect customer privacy and lost customer data from external parties or regulatory authorities. In addition, during the Year, there was no report of non-compliance with the significant laws and regulations related to products manufactured by the Group and handling of customer brand labels.

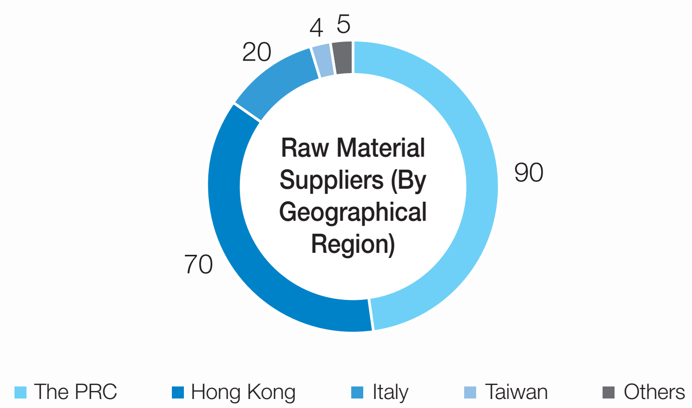
Intellectual Property

The Group registered 3 and 8 domain names significant to the Group's business in the PRC and Hong Kong respectively. Besides, the Group also registered 2 and 3 trademarks in the PRC and Hong Kong respectively. During the Year, we had not been involved in any material proceedings in respect of intellectual property rights, and according to our knowledge, there was no claim of infringement of any intellectual property rights that had been made or pending, in which we may either be involved as a claimant or respondent.

Environmental, Social and Governance Report (continued)

Supply Chain Management

Our major raw material used in producing knitwear products is yarn. Other than yarn, we also purchase other raw materials including raw cashmere from our suppliers. Breakdown of the number of our raw material suppliers by geographical region is as follows:



Our relationship with suppliers is based on arm's length negotiation and mutual gains. We persist in establishing long-term strategic partnership with suppliers who have good reputations and provide quality products and services. To ensure that our raw materials are of high quality and the supply is timely, we have established a set of criterions to assess the suitability of suppliers, which include pricing, services, scale, technical capability, reputation, product quality and their ability to assure timely delivery. In some circumstances, we need to purchase raw materials from raw material suppliers specified by our customers, other than from the suppliers based on our assessment results. Before we place purchase orders with a new supplier, our raw material development personnel would conduct site visits and assessments of the supplier. In addition, all of our suppliers are generally subject to our annual evaluation, which includes assessments on their abilities and performances in areas such as services, product quality, production costs and product delivery time.

In addition, we also became a member of Better Cotton Initiative ("BCI") in 2016. BCI upholds six key principles: minimising the harmful impact of crop protection practices, using water efficiently and caring for the availability of water, caring for the health of the soil, conserving natural habitats, caring for and preserving the quality of the fibre, as well as promoting decent work. The initiative is gaining increasing public recognition. As one of the members, we are committed to adhering to the code of practice established by BCI, jointly nurturing and developing a desirable cotton market with BCI and its members, and minimising the negative impacts on the environment, society and economy, so as to contribute to better development of cotton farmers, cultivation environment and future development of the industry.

After passing the inspections and assessments on production processes and processing procedures by the International Working Group, some of our designated knitwear products have been awarded the certification of Global Organic Textile Standard version 4.0 ("GOTS 4.0"), certifying that the designated knitwear products meet its environmental protection and social standards.

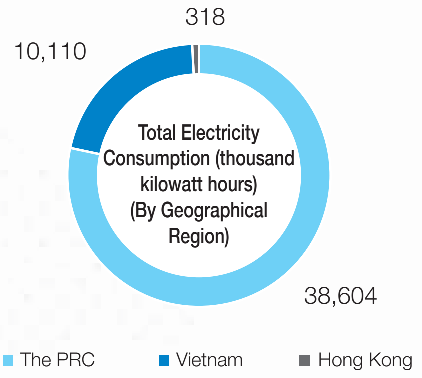
ENVIRONMENT

Our production process involves the use of energy and water resources. Solid, liquid and gaseous pollutants emitted during the production and operational processes pose certain impacts to the environment. We consider environmental protection as an essential part of corporate sustainable development. We deeply believe that there is no conflict between maintenance of corporate development and profitability and enhancement of green competitiveness.

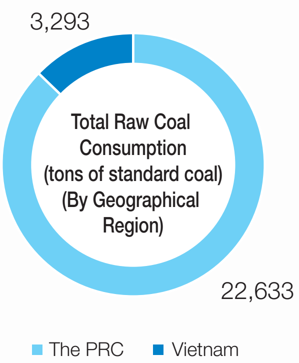
The Group advocates sustainable development, which means minimising environmental impacts of the business under the principle of maintaining corporate development and profitability. We are committed to complying with the environmental laws and regulations in places where we operate. In so far as the Directors are aware, the Group was not subject to any significant administrative penalties or fines due to any material breach of environmental laws or regulations during the Year, other than the matters mentioned in the section of Exhaust Gas Treatment.

Energy and Resource Management

The energy sources we primarily consume are electricity and raw coal used as fuel for boilers. The total consumption of electricity used by the Group during the Year was approximately 49,032 thousand kilowatt hours, while the intensity of electricity usage[1] was 1.4 kilowatt hours per unit of production volume. Breakdown of the Group's electricity consumption by geographical region is shown in the pie chart on the right.

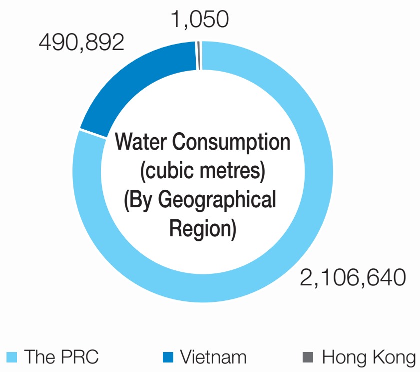


In addition, the total consumption of raw coal used during the Year was approximately 25,926 tons of standard coal, while the intensity of raw coal usage[1] was 0.7 kg of standard coal per unit of production volume. Breakdown of the Group's raw coal consumption by geographical region is shown in the pie chart on the right.



[1] Intensity calculation is based on the energy consumption that directly involves production locations only.

Moreover, given the nature of the knitwear production business, water is an essential resource for our operation and production as well. The source of our water is from the water supply of places where we operate. The total consumption of water used during the Year was approximately 2,598,582 cubic metres, while the intensity of water usage[1] was 0.0798 cubic metres per unit of production volume. Breakdown of the Group's water consumption by geographical region is shown in the pie chart on the right.



In addition to the requirement to go through high-standard quality inspections by customers, our products are required to be packaged and attached with standard product labels according to the requirements of customers and the regulations of the export regions, such as product size, composition of materials, instructions for use and so on. The packaging materials used by the Group are primarily plastic bags and cartons, of which the sizes are determined according to the requirements of different customers. Old cartons are reused by the Group internally to reduce the waste of available resources.

Low Carbon and Emission Reduction

To make use of energy in a more efficient way, the Group has adopted the following actions:

- ➢ Furnished energy measuring instruments to measure the energy consumption by installations, systems, production processes and major equipment at the production plants.
- ➢ Carried out efficiency tests on boilers on a regular basis to maintain them in a good operating condition and efficiency so as to reduce energy loss rate.
- ➢ Replaced with advanced and efficient variable frequency motors to improve energy efficiency.
- ➢ Converted the steam generated by boilers, by means of water condensation and recovery technology, into water for use by boilers, thereby reducing water consumption.
- ➢ Reused treated sewage for cleaning the road surface of our factories and for plant irrigation.
- ➢ Converted the steam generated by boilers into energy for use in some of the production processes.
- ➢ Collected office paper for recycling and reuse.
- ➢ Pasted reminder notes on saving papers and electricity in prominent positions.
- ➢ Kept the air conditioning temperature in the range of 22 to 25 degree Celsius.
- ➢ Communicated information on environmental protection and emission reduction to staff by means of broadcasting, videos, training programs and bulletin boards.

[1] Intensity calculation is based on the energy consumption that directly involves production locations only.

Looking to the future, in order to make use of resources in a more efficient way and meet the latest emission requirements in the PRC, we plan to gradually implement the following low-carbon projects in five years:

- To install coal-saving devices in boiler flues to reduce coal consumption.
- To implement heat insulation and preservation measures in boilers, steam pipes and heat-consuming equipment to reduce heat loss.
- To use stratified coal feeders so that raw coal deposited into boilers can be combusted evenly and in layers so as to increase combustion efficiency and reduce the consumption of raw coal.
- To increase boilers' energy conversion efficiency by improving the boiler control system, and to use fully automated operation to reduce extra power and raw coal consumption in manual or semi-automatic controlled speed regulation mode.
- To switch to the use of environmentally-friendly particles instead of raw coal as boiler fuel in some boilers to reduce the impact of coal combustion on the environment.
- To continue optimising lighting energy conservation and upgrade by replacing the lighting system with the use of more energy-saving LED.
- To set up energy management center to directly transfer energy consumption data to the information platform in the Energy Conservation Supervision Bureau of Huizhou City. To set energy usage benchmarks on this platform and make regular comparisons with actual energy usage and to conduct regular energy performance reviews so as to monitor energy consumption.

Exhaust Gas Treatment

As the Group uses raw coal as fuel for boilers, exhaust gases which have an impact on the environment, such as nitrogen oxides, sulfur dioxide and particles (including smoke and dust), are generated during combustion. Moreover, the vehicles used by the Group also discharge the aforesaid emissions. To reduce environmental pollution, we have adopted the following actions against exhaust gas:

- Installed approved exhaust gas treatment system for boilers used at the plants, and regularly monitored.
- For coal ash after combustion, adopted an environmental technology in removing dust with water curtain, which means water curtain was sprayed on tiny particles in air blowers to settle them to the bottom of the air blowers, gathered the smoke and dust in the sedimentation tank, then discharged them to the sludge pool and finally engaged qualified recycling service providers to make appropriate treatment.
- Adopted the bag dust removal technology, in which smoke and dust in the air are filtered by dust remover made of fiber-woven cloth, supplemented by desulfurisation absorption equipment to reduce the amount of pollutants in exhaust gas. Collected residual smoke and dust after filtration, stored them separately from other waste to avoid contamination, and finally engaged a qualified recycling service provider to make appropriate treatment.
- Formulated guidelines and regulations related to the restrictions on pollutant emission and internal environmental protection management procedures.

- Engaged independent third party institutions to conduct compliance tests on emissions (including exhaust gas and waste water) from production process in accordance with the relevant laws and regulations of the place of business.

However, the Ministry of Environmental Protection of the PRC revised the standards for the discharge of air pollutants from boilers in Guangdong Province in June 2016, and we were not able to carry out the upgrade project for our boilers and smoke exhaust system in a timely manner. As a result, we received a notice from the Environmental Protection Monitoring Station of Huicheng District, Huizhou City, on 9 December 2016, saying that our PRC Factories failed to meet the revised smoke and dust discharge standards. The relevant upgrade project will be completed in July 2017. By then, we will be able to meet the above discharge standards.

Sewage Treatment

Our sewage primarily comes from the sewage generated in daily life and the washing materials used during the manufacturing of knitwear, such as degreaser, derusting water and dyeing resistants. We have set up sewage discharge and treatment procedures to make sure that sewage is properly treated primarily by means of the following actions:

- Our plants have sewage treatment systems for treating sewage during the production process. Sewage contains harmful substances, and harmful sludge is generated during the sedimentation process in the sewage treatment system. This harmful sludge is properly treated by qualified recycling service providers.

- The sewage from the PRC Factories needs to be certified by the Environmental Monitoring Station of Huizhou City, by means of a remote monitoring system in the clear water pool, to conform to the sewage discharge standards of the PRC and Guangdong Province before it is discharged to the sewage treatment center of Huizhou City.

- The sewage treatment systems collect production and domestic wastewater in separate pipelines. The wastewater is required to be treated by a series of purification and disinfection treatment procedures before it is discharged. If there is a problem with the sewage treatment system, the sewage will be discharged to the storage tank first and then treated again until the problem is resolved.

Waste Management

We aim to take various actions to make sure that any waste and by-products produced are properly treated and discharged to minimise their negative impact on the environment. The Group has developed the relevant environmental policy that sets out the management and supervision of waste in the production process. Our waste can be roughly divided into three categories, which are domestic solid waste, non-hazardous industrial solid waste and hazardous waste.

Domestic Solid Waste and Non-hazardous Industrial Solid Waste

Our factories dormitories and offices generate domestic waste, and we generate different non-hazardous industrial solid waste as well during the production process, such as waste cardboard, waste yarn and waste yarn bobbin and so on. We have primarily adopted the following actions to make sure that the domestic solid waste and non-hazardous industrial solid waste so generated can be treated properly.

➢ Collect domestic solid waste generated by the factories dormitories and offices on a daily basis, and transport it to the designated garbage storage area for further treatment by the service providers.

➢ Installed garbage sorting and recycling bins at the Vietnam Factory to encourage employees to classify domestic waste as “recyclable”, “non-recyclable but decomposable” and “non-recyclable and non-decomposable” waste for separation and recycling.

➢ Fiber and cotton waste are sold to the recycling service providers.

➢ Solid materials such as packaging materials, waste paper and waste yarn bobbin are separated, collected and sold to the recycling service providers.

➢ Analysis of heavy metals is carried out on coal cinders left in the boilers. Coal cinders with metal content exceeding the limit will be stored separately, and then delivered to the qualified recycling service provider for proper treatment.

Hazardous Waste

Our hazardous waste primarily comes from the sludge formed during the purification of wastewater. Hazardous waste is stored in the designated hazardous waste collection area and managed according to the classification codes for hazardous waste, and is labelled as “hazardous waste” for identification. All hazardous waste is properly treated by qualified recycling service providers.

CONTRIBUTIONS TO SOCIETY

"Knitwear Beauty; A Warm, Loving Heart" are the core values of our corporate social responsibility. As an enterprise that carries citizenship and a social responsibility, we incorporate a high degree of corporate citizenship and a sense of social responsibility into our corporate development, and play an active role in participating in various public services and charitable activities.

During the Year, we contributed donations to the"Knitwear Fashion Show 2016" organised by the Hong Kong Polytechnic University, and to the "Knitwear Symphony 2016" and "The 6th Hong Kong Young Knitwear Designers Contest" organised by the Knitwear Innovation and Design Society, to inspire young designers to exploit their inspirational thinking and promote the knitwear culture. We took part in the Contest and won the champion in the Emerging Designers category. During the Year, we enthusiastically supported public and community charitable activities, and offered sponsorships and donations amounting to approximately HK$4.1 million to a number of charities and non-profit organisations in Hong Kong. The beneficiaries included the Community Chest of Hong Kong, Heifer International Hong Kong and Lok Kwan Social Service.

The pictures below are the activity of "Knitwear Symphony 2016" and "The 6th Hong Kong Young Knitwear Designers Contest":

In addition to Hong Kong, we also offered donations of approximately HK$40,000[2] to primary schools located near the PRC Factories for purchase of teaching equipment to express our concern for education. Moreover, we also donated approximately HK$70,000[3] to the Vietnamese Government to support the local poverty-stricken families. In response to the promotion of "2016 Huizhou "Dreams Come True Programme" for the New Generation of Industrial Workers" jointly organised by the Huizhou Municipal Committee of the Communist Youth League and certain municipal units, our PRC Factories encouraged their workers to participate in the programme so as to enhance their development and cultivate their personal professional competencies or expertise, which in turn boost the economic development of the Guangdong Province.

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2 Unless otherwise expressed, the exchange rate of Renminbi against HK Dollar in the Report was RMB0.89: HK$1.00.

3 Unless otherwise expressed, the exchange rate of Vietnamese Dong against HK Dollar in the Report was VND2,850: HK$1.00.

Moreover, we also participated in the "Walks for Millions" and "Dress Casual Day" organised by the Community Chest of Hong Kong, "SPS Charity Walk" organised by Suicide Prevention Services and "Visit to Elderly People 2017" organised by Tung Wah Group of Hospitals to set an example by personally taking part in charitable activities. During the Year, the total number of hours of our participation in volunteer activities was approximately 44 hours. We will continue to commit resources to social, educational and environmental activities and play an active role in participating in charitable activities while constantly pursuing business development.

"Walks for Millions"

"Dress Casual Day"

"Visit to Elderly People 2017"

"Charity Evening Gala"

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Nameson Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Nameson Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 89 to 155, which comprise:

- the consolidated balance sheet as at 31 March 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We considered "Current income tax provision" as a key audit matter that was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How our audit addressed the Key Audit Matter
Current income tax provision	
Refer to note 4(c) to the consolidated financial statements. The Group's current income tax provision covers the current and potential obligations in relation to the respective income tax positions across different jurisdictions. The Group operates mainly in Hong Kong, the Mainland China and Vietnam which are subject to different types of cross-border arrangements, laws and regulations, government practices, interpretation of tax rules by respective tax authorities, tax concession schemes of different jurisdictions as well as different basis of accounting which may result in different approaches and timing of recording transactions. Significant management judgments are therefore required in assessing the income tax provisions for different potential obligations across different jurisdictions in particular on the Group's intercompany transactions and cross-border business arrangements. Where the final tax outcome is different from the amounts that were initially estimated, such differences will impact the income tax provisions in the period in which such determination is made.	We evaluated the management's income tax provisions assessments and the processes by which they were done, by examining relevant documents supporting their conclusion, which was primarily based on the factual cross-border business arrangements, recent practice of local tax authorities, market practice for local companies, tax returns and computations, relevant accounting entries as well as the advice from the Group's external independent tax advisor. We evaluated the appropriateness and consistency of the basis that management used in the current income tax provision assessments. We discussed with management to understand their interpretation of the relevant tax rules and regulations. We obtained management's current income tax provision calculations and checked their accuracy by testing the mechanics of the underlying calculations and tracing the inputs to the relevant tax rules and regulations. We obtained explanations and reviewed corroborative evidence from management, including management communications with local tax authorities and the tax advice issued by the Group's external independent tax advisor, regarding the tax treatments applied to the income tax provisions assessments.

Key Audit Matter	How our audit addressed the Key Audit Matter
Current income tax provision *(Continued)*	
	We evaluated the management judgments with the involvement of our tax specialists based on our understanding of the relevant tax rules and regulations. Based on the procedures performed, we found the judgments made by management in relation to the current income tax provision were supportable by evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Pang Ho Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2017

Consolidated Income Statement

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	5	2,797,193	2,775,345
Cost of sales	7	(2,134,571)	(2,171,417)
Gross profit		662,622	603,928
Other income	6	7,189	3,925
Other gains/(losses), net	8	19,921	(510)
Selling and distribution expenses	7	(40,475)	(41,821)
General and administrative expenses	7	(254,642)	(267,798)
Operating profit		394,615	297,724
Finance income	10	2,496	1,657
Finance expenses	10	(16,497)	(27,967)
Finance expenses, net		(14,001)	(26,310)
Profit before income tax		380,614	271,414
Income tax expenses	12	(52,483)	(39,527)
Profit for the year attributable to the owners of the Company		328,131	231,887
Earnings per share attributable to the owners of the Company during the year			
— Basic (HK cents per share)	13	15.97	15.46
— Diluted (HK cents per share)	13	15.97	15.46

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Profit for the year		**328,131**	231,887
Other comprehensive income, net of tax:			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
— Currency translation differences		**(6,659)**	(40,948)
— Gain on revaluation of available-for-sale financial assets	18	**31**	12
— Release of investment reserve upon disposal of available-for-sale financial assets		**(135)**	–
Other comprehensive income for the year, net of tax		**(6,763)**	(40,936)
Total comprehensive income for the year attributable to the owners of the Company		**321,368**	190,951

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Land use rights	15	42,624	44,871
Property, plant and equipment	16	1,227,821	847,841
Investment properties	17	2,282	2,416
Deferred income tax assets	25	–	334
Available-for-sale financial assets	18	144,800	139,867
Prepayments, deposits, other receivables and other assets	21	42,310	49,768
		1,459,837	1,085,097
Current assets			
Inventories	19	417,970	422,244
Trade receivables	20	104,913	42,550
Prepayments, deposits, other receivables and other assets	21	55,915	40,099
Short-term bank deposits	22	50,229	–
Cash and cash equivalents	22	643,197	221,637
		1,272,224	726,530
Total assets		2,732,061	1,811,627
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	26	20,750	–
Reserves	27	1,549,246	657,293
Total equity		1,569,996	657,293

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (continued)

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	23	378,836	170,960
Deferred income tax liabilities	25	2,443	–
		381,279	170,960
Current liabilities			
Trade and bills payables	24(a)	174,999	128,276
Accruals and other payables	24(b)	82,992	77,502
Current income tax liabilities		107,226	92,906
Borrowings	23	415,569	684,690
		780,786	983,374
Total liabilities		1,162,065	1,154,334
Total equity and liabilities		2,732,061	1,811,627
Net current assets/(liabilities)		491,438	(256,844)

The financial statements on pages 89 to 155 were approved by the Board of Directors on 22 June 2017 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 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to the owners of the Company		
	Share capital/ paid-in capital (Note 26) HK$'000	Reserves (Note 27) HK$'000	Total HK$'000
As at 1 April 2016	–	657,293	657,293
Profit for the year	–	328,131	328,131
Other comprehensive income:			
— Gain on revaluation of available-for-sale financial assets	–	31	31
— Currency translation difference	–	(6,659)	(6,659)
— Release of investment reserve upon disposal of available-for-sale financial assets	–	(135)	(135)
	–	(6,763)	(6,763)
Total comprehensive income	–	321,368	321,368
Transactions with owners			
Issuance of ordinary shares upon capitalisation issue	15,000	(15,000)	–
Issuance of ordinary shares upon initial public offering	5,000	595,000	600,000
Issuance of ordinary shares upon over-allotment	750	89,250	90,000
Share issuance cost	–	(22,765)	(22,765)
Equity-settled share-based compensation	–	2,950	2,950
Dividends (Note 14)	–	(78,850)	(78,850)
As at 31 March 2017	20,750	1,549,246	1,569,996

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2017

	Attributable to the owners of the Company		
	Share capital/ paid-in capital (Note 26) HK$'000	Reserves (Note 27) HK$'000	Total 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	–	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 27(ii))	–	(100,000)	(100,000)
As at 31 March 2016	–	657,293	657,293

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	540,317	442,714
Interest paid		(16,497)	(28,339)
Income tax paid		(38,147)	(34,270)
Net cash generated from operating activities		485,673	380,105
Cash flows from investing activities			
Purchase of property, plant and equipment		(304,337)	(193,512)
Increase in short-term bank deposits with maturity over three months		(50,229)	–
Proceeds from disposals of property, plant and equipment	29(b)	21,674	1,118
Proceeds from disposals of available-for-sale financial assets		375	–
Dividend income from available-for-sale financial assets		27	3
Decrease in pledged bank deposits		–	8,242
Interest received		2,496	1,657
Net decrease in amounts due from related companies and shareholders		–	(144,065)
Net cash used in investing activities		(329,994)	(326,557)
Cash flows from financing activities			
Proceeds from new bank borrowings		1,308,180	2,211,050
Repayments of bank borrowings		(1,579,741)	(2,243,279)
Repayments of finance lease obligations		(43,698)	(19,501)
Dividends paid		(78,850)	(120,000)
Proceeds from issuance of new ordinary shares, net		667,235	–
Cash flows from the reorganisation in relation to disposal of building and cash dividend paid	29(b)	–	14,000
Cash flows from the reorganisation in relation to acquisition of companies comprising the Group and disposal of excluded business		–	(1,907)
Net cash generated from/(used in) financing activities		273,126	(159,637)
Net increase/(decrease) in cash and cash equivalents		428,805	(106,089)
Cash and cash equivalents at beginning of the year		221,637	333,740
Exchange difference on cash and cash equivalents		(7,245)	(6,014)
Cash and cash equivalents at end of the year	22	643,197	221,637

The notes on pages 96 to 155 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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 ultimate holding company of the Company is Happy Family Asset Limited. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 12 April 2016 (the "Listing").

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

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 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 ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 judgment 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 HKFRSs are mandatory for the financial year beginning 1 April 2016:

HKFRS 10 and HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendment)	Annual Improvements 2012–2014 Cycle
HKAS 1 (Amendment)	Financial Statements Presentation Regarding Materiality, Aggregation and Subtotals
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation

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) 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 2016 and have not been early adopted:

		Effective for accounting period beginning on or after
HKAS 7 (Amendment)	Disclosure Initiative	1 January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

HKFRS 9 Financial instruments

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, but management considers that its investments in equity instruments currently classified as available-for-sale financial assets might fall within the classification as at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income which will not be recycling to the profit and loss, hence, there might be a change to the accounting of these assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) 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 2016 and have not been early adopted: *(Continued)*

HKFRS 9 Financial instruments *(Continued)*
There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, and it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. HKFRS 9 must be applied for financial years commencing on or after 1 April 2018. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15 Revenue from contracts with customers
HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption. Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. A further clarification to HKFRS 15 was issued in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance. Management is currently assessing the effects of applying the new standard on the Group's financial statements and currently does not anticipate that the application of HKFRS 15 in the future will have a material effect on the Group's consolidated financial statements.

HKFRS 15 is mandatory for financial years commencing on or after 1 April 2018. The Group does not intend to adopt the standard before its effective date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) 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 2016 and have not been early adopted: *(Continued)*

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. The new standard is mandatory for financial years commencing on or after 1 April 2019. The Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

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

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 fair value at the acquisition date, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combination (Continued)

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.

2.2.2 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 gains/(losses), 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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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	6.7% 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 gains/(losses), net' in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

2.8 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, short-term 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.

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 gains/(losses), net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 design costs, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 anyone 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.

2.23 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

2.26 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

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 considerable 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 and for the year ended 31 March 2017.

As at 31 March 2017, certain bank balances and deposits as detailed in Note 22 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$5,428,000 (2016: HK$2,386,000) 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 22. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which are disclosed in Note 23. 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 2017 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$3,972,000 (2016: HK$4,278,000) 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 2017, all the bank balances and deposits as detailed in Note 22 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 2017, the Group's largest debtor accounted for 40% (2016: 42%) 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 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 HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2017				
Trade and bills payables	**174,999**	**–**	**–**	**174,999**
Accruals and other payables	**34,230**	**–**	**–**	**34,230**
Short-term bank borrowings	**189,036**	**–**	**–**	**189,036**
Long-term bank borrowings	**108,863**	**105,981**	**75,172**	**290,016**
Finance lease obligations	**115,588**	**115,588**	**103,346**	**334,522**
	622,716	**221,569**	**178,518**	**1,022,803**
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

(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 2017 and 2016, 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 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets including bank balances and cash, deposits, receivables and other assets, and current financial liabilities including payables and borrowings approximate their fair values due to their short maturities.

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).

The following table presents the Group's financial assets that are measured at fair values at 31 March 2017 and 2016.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
As at 31 March 2017				
Assets				
Available-for-sale financial assets				
— Unlisted investments	**–**	**–**	**144,800**	**144,800**
	–	**–**	**144,800**	**144,800**
As at 31 March 2016				
Assets				
Available-for-sale financial assets				
— Listed securities	344	–	–	344
— Unlisted investments	–	–	139,523	139,523
	344	–	139,523	139,867

There were no transfers among levels 1, 2 and 3 during the year ended 31 March 2017 (2016: same).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

(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.

(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 2017 and 2016:

	2017 HK$'000	2016 HK$'000
Beginning of the year	**139,523**	154,158
Disposals	**–**	(20,500)
Net gains on investments	**5,277**	5,865
End of the year	**144,800**	139,523

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 crystalising the contracts and surrender charges, if any.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

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.

The gearing ratios at 31 March 2017 and 2016 were as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Total borrowings	**794,405**	855,650
Less: cash and cash equivalents	**(643,197)**	(221,637)
Net debt	**151,208**	634,013
Total equity	**1,569,996**	657,293
Total capital	**1,721,204**	1,291,306
Gearing ratio	**8.79%**	49.10%

The decrease in gearing ratio from 49.10% as at 31 March 2016 to 8.79% as at 31 March 2017 was primarily due to the increase in cash and cash equivalents and total equity as a result of issuing 575,000,000 new ordinary shares at an issue price of HK$1.2 per share in the initial public offering.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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 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 in the future periods.

(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 judgments and estimates.

Management judgment 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(c) Current income tax provision

The Group is subject to income taxes in Hong Kong, Mainland China and Vietnam. Significant judgment is required in determining the provision for income taxes. 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 current income tax provision in the period in which such determination is made.

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

	2017 **HK$'000**	2016 HK$'000
Japan	**1,119,986**	1,141,106
North America	**619,158**	747,408
Europe	**468,800**	416,619
Mainland China	**285,971**	170,564
Other countries	**303,278**	299,648
	2,797,193	2,775,345

5 SEGMENT INFORMATION *(Continued)*

(b) Non-current assets

	2017 HK$'000	2016 HK$'000
Hong Kong	73,343	61,218
Mainland China	380,248	504,618
Vietnam	861,446	379,060
	1,315,037	944,896

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:

	2017 HK$'000	2016 HK$'000
Customer A	1,708,352	1,606,408
Customer B	496,307	589,893

The five largest customers accounted for approximately 89.5% (2016: 93.3%) of revenue for year ended 31 March 2017.

6 OTHER INCOME

	2017 HK$'000	2016 HK$'000
Rental income from investment properties	792	780
Rental income from properties occupied by employees	513	1,068
Dividend income from listed available-for-sale financial assets	27	3
Government subsidy	1,146	–
Others	4,711	2,074
	7,189	3,925

7 EXPENSES BY NATURE

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

	2017 HK$'000	2016 HK$'000
Advertising and promotion expenses	4,309	6,604
Amortisation of land use rights (Note 15)	1,103	1,147
Auditor's remuneration (excluding listing related services)		
— audit services	2,687	2,486
— non-audit services	800	243
Depreciation (Note 16)		
— owned property, plant and equipment	130,509	159,099
— property, plant and equipment held under finance leases	23,008	11,709
Depreciation of investment properties (Note 17)	134	134
Employment benefit expenses (including directors' emoluments) (Note 9)	575,140	607,286
Trading merchandise, raw materials and consumables used	1,013,044	1,048,375
Changes in inventories of finished goods and work-in-progress	55,655	38,508
Reversal of provision for impairment of inventories	(4,508)	(1,295)
Subcontracting charges	343,121	318,494
Commission expenses	4,519	6,674
Transportation charges	30,533	27,463
Sample charges	17,543	15,848
Donations	3,950	3,530
Operating lease rental in respect of land and buildings	3,091	1,149
Listing expenses	1,378	28,818
Utilities expenses	52,801	45,512
Others	170,871	159,252
Total cost of sales, selling and distribution expenses and general and administration expenses	2,429,688	2,481,036

8 OTHER GAINS/(LOSSES), NET

	2017 HK$'000	2016 HK$'000
Realised and unrealised losses from derivative financial instruments	–	(12,316)
Net foreign exchange gains	4,323	5,691
Net gains on investments (Note 18)	5,412	5,865
Net gains on disposals of property, plant and equipment	10,186	250
	19,921	(510)

9 EMPLOYMENT BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

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

	2017 HK$'000	2016 HK$'000
Wages, salaries, commission, allowances, bonus, welfare and other benefits	511,817	544,967
Equity-settled share-based compensation	2,950	–
Pension costs — defined contribution plans	60,373	62,319
	575,140	607,286

(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 3% to 11% of the relevant income (comprising wages, salaries, allowances and bonus), while the Group contributes 10% to 30% 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, each of the Group (the employer) and its employees make monthly contributions to the scheme at 32% of the relevant income (comprising wages and salaries). The monthly contributions of each of the employer and the employee are subject to a cap of 23 million of Vietnamese Dongs. 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 2017 include five (2016: five) directors whose emoluments are reflected in Note 31(b) to the consolidated financial statements.

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

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Finance income		
Interest income from:		
— Bank deposits	**2,496**	1,657
Finance expenses		
Interest expense on:		
— Bank borrowings	**(13,495)**	(25,212)
— Finance lease obligations	**(3,002)**	(2,755)
	(16,497)	(27,967)
Finance expenses, net	**(14,001)**	(26,310)

11 SUBSIDIARIES

The following are details of the principal subsidiaries at 31 March 2017:

Company Name	Place of incorporation and type of legal entity	Issued and paid up capital	Effective interest held (%) 2017	2016	Principal activities/ place of operation
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$104,031,162	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 Ltd.	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 2017, Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 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% (2016: 25%) on estimated assessable profits. However, one of the Group's subsidiaries in Mainland China is subject to the China Corporate Income Tax at the rate of 15% for the 3 years ending 31 December 2018, after being assessed as a high and new technology enterprise.

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%. 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 2017 and 2016.

	2017 HK$'000	2016 HK$'000
Hong Kong profits tax		
— Current taxation	**13,673**	16,295
China corporate income tax	**36,033**	23,609
Deferred taxation (Note 25)	**2,777**	(377)
	52,483	39,527

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:

	2017 HK$'000	2016 HK$'000
Profit before income tax	**380,614**	271,414
Tax calculated at domestic tax rates applicable to profits in the respective countries	**85,357**	57,393
Income not subject to tax	**(271,362)**	(281,284)
Expenses not deductible for tax purposes	**232,877**	260,547
Others	**5,611**	2,871
Income tax expense	**52,483**	39,527

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 March 2017 and 2016 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue are determined as follows:

(i) the 1 ordinary share of the Company issued on 11 August 2015 (date of incorporation) was treated as if it had been issued since 1 April 2015;

(ii) the 1,121 ordinary shares of the Company issued in December 2015 as a result of the reorganisation in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange were treated as if they had been issued since 1 April 2015;

(iii) the 1,499,998,878 ordinary shares of the Company issued on 12 April 2016 under the capitalisation issue were treated as if they had been in issue since 1 April 2015;

(iv) the 500,000,000 ordinary shares offered to the public were issued on 12 April 2016; and

(v) the 75,000,000 ordinary shares in connection with the exercise of the over-allotment option were issued on 28 April 2016.

	2017	2016
Profit attributable to the owners of the Company (HK$'000)	**328,131**	231,887
Weighted average number of ordinary shares in issue ('000)	**2,054,384**	1,500,000
Basic earnings per share (HK cents)	**15.97**	15.46

13 EARNINGS PER SHARE *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2017	2016
Profit attributable to the owners of the Company (HK$'000)	**328,131**	231,887
Weighted average number of ordinary shares in issue ('000)	**2,054,384**	1,500,000
Adjustment for potential dilutive effect in respect of outstanding share option ('000)	**535**	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,054,919**	1,500,000
Diluted earnings per share (HK cents)	**15.97**	15.46

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 for the year ended 31 March 2016 represented dividends declared by the companies now comprising the Group to the equity holders of the companies, after elimination of intra-group dividends.

The rates for dividend and the number of shares ranking for dividends for the year ended 31 March 2016 are not presented as such information is not considered meaningful for the purpose of this report.

At the board meeting held on 28 November 2016, the Company's Board of Directors declared an interim dividend of 3.8 HK cents per share and paid on 30 December 2016.

At a meeting held on 22 June 2017, the Board of Directors recommended a final dividend of 2.0 HK cents per share amounting to a total of HK$41,500,000. The proposed dividends are not reflected as a dividend payable in these consolidated financial statements, and will be reflected as appropriation of retained earnings for the year ending 31 March 2018.

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:

	2017 HK$'000	2016 HK$'000
Beginning of the year	44,871	48,792
Exchange differences	(1,144)	(2,774)
Amortisation (Note 7)	(1,103)	(1,147)
End of the year	42,624	44,871

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 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
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

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 2017							
Opening net book amount	336,146	9,171	355,259	9,929	11,891	125,445	847,841
Additions	1,658	–	385,826	1,818	25,600	159,561	574,463
Disposals	(4,348)	–	(6,819)	–	(321)	–	(11,488)
Transfers	271,262	–	7,465	–	–	(278,727)	–
Exchange difference	(16,133)	(587)	(12,956)	230	(32)	–	(29,478)
Depreciation (Note 7)	(23,472)	(640)	(121,776)	(2,254)	(5,375)	–	(153,517)
Closing net book amount	565,113	7,944	606,999	9,723	31,763	6,279	1,227,821
At 31 March 2017							
Cost	838,018	33,204	1,827,645	28,375	66,682	6,279	2,800,203
Accumulated depreciation	(272,905)	(25,260)	(1,220,646)	(18,652)	(34,919)	–	(1,572,382)
Net book amount	565,113	7,944	606,999	9,723	31,763	6,279	1,227,821

	2017 HK$'000	2016 HK$'000
Depreciation charged in consolidated income statement:		
— Cost of sales	**141,082**	158,875
— General and administrative expenses	**12,435**	11,933
	153,517	170,808

As at 31 March 2017, the net book value of plant and machinery under finance lease amounted to approximately HK$435,057,000 (2016: HK$129,654,000).

Land and buildings are primarily situated in Mainland China and Vietnam.

17 INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
At cost		
Beginning of the year	2,416	2,550
Depreciation	(134)	(134)
End of the year	2,282	2,416
Cost	4,640	4,640
Accumulated depreciation	(2,358)	(2,224)
Net book amount	2,282	2,416

The fair values of the Group's investment properties as at 31 March 2017 were HK$22,000,000 (2016: HK$19,300,000), as determined by an independent professional valuation firm, RHL Appraisal Limited, on an open market basis.

Investment properties are situated in Hong Kong.

Depreciation of HK$134,000 (2016: HK$134,000) for the year ended 31 March 2017 has been included in 'general and administrative expenses'.

Outgoings in respect of the investment properties amounted to HK$43,000 (2016: HK$40,000) for the year ended 31 March 2017.

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK$'000	2016 HK$'000
Available-for-sale financial assets		
— Equity securities listed in Hong Kong, at fair value	–	344
— Unlisted investments, at fair value (Note)	144,800	139,523
	144,800	139,867

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 gains/(losses), net". The portion allocated as insurance premium is recognised as prepayment and is amortised to the consolidated income statement based on the estimated years that the Group intends to hold such contracts.

The Group's certain bank borrowings are secured by available-for-sale financial assets with a total carrying amount of HK$68,798,000 (2016: HK$139,523,000) as at 31 March 2017 (Note 23(c)).

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

	2017 HK$'000	2016 HK$'000
Beginning of the year	139,867	154,490
Disposals	(375)	(20,500)
Net gains on investments	5,412	5,865
Fair value gains transferred to other comprehensive income	(104)	12
End of the year	144,800	139,867

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

	2017 HK$'000	2016 HK$'000
US$	144,800	139,523
HK$	–	344
	144,800	139,867

19 INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials	172,140	120,759
Work-in-progress	224,957	262,521
Finished goods	20,873	38,964
	417,970	422,244

The cost of inventories recognised as expense and included in cost of sales in the consolidated income statement amounted to HK$1,064,191,000 (2016: HK$1,085,588,000) for the year ended 31 March 2017.

20 TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	104,913	42,550

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

	2017 HK$'000	2016 HK$'000
US$	97,983	40,581
Others	6,930	1,969
	104,913	42,550

20 TRADE RECEIVABLES *(Continued)*

The Group grants credit periods to customers ranging from 0 to 60 days. As at 31 March 2017, the ageing analysis of the trade receivables based on invoice date was as follows:

	2017 HK$'000	2016 HK$'000
Up to 3 months	**102,191**	41,860
3 to 6 months	**2,658**	590
Over 6 months	**64**	100
	104,913	42,550

As at 31 March 2017, trade receivables of HK$4,403,000 (2016: HK$3,835,000) 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 Company 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:

	2017 HK$'000	2016 HK$'000
Past due by:		
Up to 3 months	**2,546**	3,666
3 to 6 months	**1,857**	164
Over 6 months	**–**	5
	4,403	3,835

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

	2017 HK$'000	2016 HK$'000
Prepayments for property, plant and equipment	18,603	33,173
Prepayments for subcontracting charges	18,500	–
Other prepayments	6,423	4,814
Prepaid insurance premium for the key management insurance	28,646	29,762
Deferred listing expenses (Note (i))	–	8,237
Deposits	1,268	4,963
Other receivables	23,105	7,238
Other assets	1,680	1,680
	98,225	89,867
Less: Non-current portion	(42,310)	(49,768)
Current portion	55,915	40,099

Note:

(i) The deferred listing expenses were incurred in connection with the Listing of the Company and deducted from equity upon Listing of the Company in April 2016.

22 SHORT TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and cash equivalents	643,197	221,637
Short term bank deposits	50,229	–
	693,426	221,637

Bank balances and cash are denominated in the following currencies:

	2017 HK$'000	2016 HK$'000
US$	91,015	49,325
HK$	476,572	106,466
RMB	121,984	57,485
Vietnamese Dong	2,374	6,611
Others	1,481	1,750
	693,426	221,637

23 BORROWINGS

	2017 HK$'000	2016 HK$'000
Non-current		
Bank borrowings, unsecured	165,111	84,605
Finance lease obligations	213,725	86,355
	378,836	170,960
Current		
Short-term bank borrowings, unsecured	188,637	268,728
Portion of long-term bank borrowings, secured, due for repayment within one year	7,501	12,588
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	11,877	19,377
Portion of long-term bank borrowings, unsecured, due for repayment within one year	96,833	178,258
Portion of long-term bank borrowings, unsecured, due for repayment after one year which contain a repayment on demand clause	–	181,234
Finance lease obligations	110,721	24,505
	415,569	684,690
Total borrowings	794,405	855,650

The weighted average effective interest rates for the years ended 31 March 2017 and 2016 are as follows:

	2017	2016
Finance lease obligations	1.68%	1.68%
Bank borrowings	2.13%	2.89%

23 BORROWINGS *(Continued)*

(a) Bank borrowings

The bank borrowings are due for repayment as follows:

	2017 HK$'000	2016 HK$'000
Within one year	292,971	459,574
Between one and two years	86,612	113,935
Between two and five years	90,376	171,281
	469,959	744,790

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

	2017 HK$'000	2016 HK$'000
HK$	450,581	552,454
US$	19,378	192,336
	469,959	744,790

23 BORROWINGS *(Continued)*

(b) Finance lease obligations

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

	2017 HK$'000	2016 HK$'000
Current		
Portion of finance lease obligations due for repayment within one year	110,721	24,505
Non-current		
Finance lease obligations due for repayment after one year:		
Between one and two years	112,603	42,814
Between two and five years	101,122	43,541
	213,725	86,355
Total finance lease obligations	324,446	110,860

The finance lease obligations were due for repayment as follows:

	2017 HK$'000	2016 HK$'000
Gross finance lease obligations — minimum lease payments:		
Within one year	115,588	26,174
Between one and two years	115,588	43,857
Between two and five years	103,346	43,857
	334,522	113,888
Future finance charges on finance leases	(10,076)	(3,028)
Present value of finance lease obligations	324,446	110,860

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$.

23 BORROWINGS *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Bank borrowings	19,378	31,965

As at 31 March 2017 and 2016, the Group's certain borrowings are secured by available-for-sale financial assets with a total carrying amount of HK$68,798,000 (2016: HK$139,523,000) (Note 18).

As at 31 March 2016, the Group's certain borrowings were covered by corporate guarantees provided by some of the subsidiaries and personal guarantees from Mr. Wong Ting Chung, Mr. Wong Ting Chun, Mr. Wong Ting Kau and Mr. Lau Ka Keung, the directors of the Company. The personal guarantees provided by the aforesaid directors were replaced by corporate guarantees provided by the Company subsequently to the date of the listing on 12 April 2016.

24 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

(a) Trade and bills payables

Trade and bills payables are denominated in the following currencies:

	2017 HK$'000	2016 HK$'000
US$	123,245	71,172
HK$	34,628	44,569
Others	17,126	12,535
	174,999	128,276

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

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

	2017 HK$'000	2016 HK$'000
Within 1 month	137,944	93,467
1 to 2 months	32,053	19,234
2 to 3 months	4,931	13,722
Over 3 months	71	1,853
	174,999	128,276

24 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

(b) Accruals and other payables

	2017 HK$'000	2016 HK$'000
Accrued subcontracting charges	4,479	6,083
Accrued salaries	38,002	32,742
Receipts in advance	2,898	1,250
Other accrued expenses	11,683	21,010
Other payables	25,930	16,417
	82,992	77,502

25 DEFERRED INCOME TAX

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

	2017 HK$'000	2016 HK$'000
Deferred tax assets:		
— Deferred tax assets to be recovered after more than 12 months	593	768
	593	768
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	(3,036)	(434)
	(3,036)	(434)
Deferred tax (liabilities)/assets, net	(2,443)	334

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

	2017 HK$'000	2016 HK$'000
At 1 April	334	(43)
(Charged)/credited to consolidated income statement	(2,777)	377
At 31 March	(2,443)	334

25 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)/assets:

	Accelerated tax depreciation HK$'000
As at 1 April 2015	(852)
Credited to consolidated income statement	418
As at 31 March 2016	(434)
As at 1 April 2016	**(434)**
Charged to consolidated income statement	**(2,602)**
As at 31 March 2017	**(3,036)**

	Decelerated tax depreciation HK$'000
As at 1 April 2015	809
Charged to consolidated income statement	(41)
As at 31 March 2016	768
As at 1 April 2016	**768**
Charged to consolidated income statement	**(175)**
As at 31 March 2017	**593**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$3,050,000 (2016: HK$2,627,000) as at 31 March 2017 in respect of losses amounting to HK$12,200,000 (2016: HK$10,510,000) as at 31 March 2017 that can be carried forward against future taxable income and the losses are subject to expiry period of five years.

25 DEFERRED INCOME TAX *(Continued)*

As at 31 March 2017, deferred income tax liabilities of approximately HK$2,010,000 (2016: HK$261,000) have not been recognised for the withholding taxation that would be payable on the unremitted earnings of subsidiaries in Mainland China of approximately HK$40,214,000 (2016: HK$5,219,000), 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.

26 SHARE CAPITAL

	2017		2016	
	Number of shares	Nominal value HK$	Number of shares	Nominal value HK$
Authorised:				
Ordinary shares at HK$0.01 each as at 31 March	5,000,000,000	50,000,000	5,000,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each as at 1 April 2016/11 August 2015 (date of incorporation)	1,122	11	1	–
Issue of ordinary shares	–	–	1,121	11
Issuance of ordinary shares upon capitalisation issue (Note (i))	1,499,998,878	14,999,989	–	–
Issuance of ordinary shares upon initial public offering (Note (ii))	500,000,000	5,000,000	–	–
Issuance of ordinary shares upon over-allotment (Note (ii))	75,000,000	750,000	–	–
At 31 March	2,075,000,000	20,750,000	1,122	11

Notes:

(i) On 12 April 2016, an amount of HK$14,999,989 was capitalised from share premium to share capital of the Company.

(ii) On 12 April 2016, 500,000,000 ordinary shares of HK$0.01 each were issued at an offer price of HK$1.20 per share for a total consideration of HK$600,000,000 with HK$574,124,000, after taking into account of the issuance costs, being credited to the share premium account of the Company. On 25 April 2016, the over-allotment option has been exercised by the Company with 75,000,000 ordinary shares of HK$0.01 each. These shares were issued at an offer price of HK$1.20 per share for the total consideration of HK$90,000,000 with HK$87,361,000, after taking into account of the issuance costs, being credited to the share premium account of the Company. This resulted in share premium of HK$661,485,000 in total.

27 RESERVES

	Attributable to the owners of the Company					
	Other reserves (Note (i)) HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 April 2016	344,342	104	117,938	–	194,909	657,293
Profit for the year	–	–	–	–	328,131	328,131
Other comprehensive income:						
— Gain on revaluation of available-for-sale financial assets (Note 18)	–	31	–	–	–	31
— Currency translation difference	–	–	(6,659)	–	–	(6,659)
— Release of investment reserve upon disposal of available-for-sale financial assets	–	(135)	–	–	–	(135)
	–	(104)	(6,659)	–	–	(6,763)
Total comprehensive income	–	(104)	(6,659)	–	328,131	321,368
Transactions with owners						
Issue of ordinary shares upon capitalisation issue	(15,000)	–	–	–	–	(15,000)
Issue of ordinary shares upon initial public offering	595,000	–	–	–	–	595,000
Issue of ordinary shares upon over-allotment	89,250	–	–	–	–	89,250
Share issuance costs	(22,765)	–	–	–	–	(22,765)
Dividends (Note 14)	–	–	–	–	(78,850)	(78,850)
Share option scheme:						
Equity-settled share-based compensation	–	–	–	2,950	–	2,950
	646,485	–	–	2,950	(78,850)	570,585
As at 31 March 2017	990,827	–	111,279	2,950	444,190	1,549,246

27 RESERVES *(Continued)*

	Attributable to the owners of the Company					
	Other reserves (Note (i)) HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Shareholders' contribution (Note (ii)) HK$'000	Retained earnings HK$'000	Total HK$'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 and effects of reorganisation	344,342	–	–	–	–	344,342
Return of shareholder's contribution (Note (ii))	–	–	–	(100,000)	–	(100,000)
As at 31 March 2016	344,342	104	117,938	–	194,909	657,293

Notes:

(i) 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.

(ii) 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.

28 SHARE-BASED PAYMENTS

Under the share option scheme which was granted on 29 August 2016, the exercise price of the granted options is equal to HK$1.394. Options are conditional on completing ranging from one to three years of services (the vesting period). The options are exercisable within ten years from the grant date and are expiring on 28 August 2026 (both days inclusive).

Movements of the share options under the share option scheme during the year ended 31 March 2017 are as follows:

				Number of share options					
Grantee	Date of Grant	Exercise Price HK$	Exercise Period	As at 1 April 2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 March 2017
Directors	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	8,500,000	–	–	–	8,500,000
Other employees of the Group	29 August 2016	1.394	29 August 2017 to 28 August 2026	–	19,600,000	–	–	–	19,600,000
Total				–	28,100,000	–	–	–	28,100,000

The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
9,366,668 share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026

28 SHARE-BASED PAYMENTS *(Continued)*

No option was exercised during the year.

The Company has used the Binomial Model for assessing the fair value of the share options granted. According to the Binomial Model, the fair value of the options granted during the year ended 31 March 2017 measured as at the date of grant of 29 August 2016 was approximately in a range of HK$0.3047 to HK$0.4493 for each of the three tranches, taking into account various factors, variables and assumptions which include the following:

(i) the risk-free interest rate used was 1.01%;

(ii) the expected volatility was about 40.28%; and

(iii) the expected annual dividend yield of 3.95%.

The total expense for share options granted to directors and employees of HK$2,950,000 is recognised as "employee benefit expenses" in the consolidated income statement.

29 CASH GENERATED FROM OPERATIONS

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

	2017 HK$'000	2016 HK$'000
Profit before income tax	380,614	271,414
Finance income	(2,496)	(1,657)
Finance expenses	16,497	27,967
Depreciation of property, plant and equipment	153,517	170,808
Depreciation of investment properties	134	134
Net gains on investments	(5,412)	(5,865)
Net gains on disposals of property, plant and equipment	(10,186)	(250)
Reversal of impairment of inventories	(4,508)	(1,295)
Dividend income from available-for-sale financial assets	(27)	(3)
Net change in derivative financial instruments	–	(41,618)
Amortisation of land use rights	1,103	1,147
Equity-settled share-based compensation	2,950	–
Changes in working capital:		
Inventories	16,208	51,123
Trade receivables	(56,862)	(4,017)
Prepayments, deposits, other receivables and other assets	(22,358)	(4,734)
Trade and bills payables	56,358	(12,726)
Accruals and other payables	14,785	(7,714)
Net cash generated from operations	540,317	442,714

29 CASH GENERATED FROM OPERATIONS *(Continued)*

(b) In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2017 HK$'000	2016 HK$'000
Net book amount (Note 16)	**11,488**	5,954
Net gains on disposals of property, plant and equipment recognised in consolidated income statement	**10,186**	250
Net gain on disposal of an industrial premise recognised in equity	**–**	8,914
Proceeds from disposals of property, plant and equipment	**21,674**	15,118
Proceeds from disposal of property, plant and equipment included in consolidated cash flow statement:		
— Cash flows from investing activities	**21,674**	1,118
— Cash flows from financing activities	**–**	14,000
	21,674	15,118

(c) Significant non-cash transactions:

	2017 HK$'000	2016 HK$'000
Disposals of available-for-sale financial assets settled through amounts due from related companies	**–**	20,500
Return of shareholder's contribution (Note 27(ii))	**–**	100,000
Dividends (Note 14)	**–**	442,000

30 COMMITMENTS

(a) Operating lease commitments

As at 31 March 2017 and 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	2017 HK$'000	2016 HK$'000
Within one year	471	357
Later than one year and not later than five years	119	–
	590	357

(b) Operating lease arrangements

At 31 March 2017 and 2016, the aggregate future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's investment properties are as follows:

	2017 HK$'000	2016 HK$'000
Within one year	132	792
Later than one year and not later than five years	–	132
	132	924

(c) Capital commitments

At 31 March 2017 and 2016, the capital expenditure contracted but not yet incurred is as follows:

	2017 HK$'000	2016 HK$'000
Property, plant and equipment contracted but not provided for	33,296	191,927

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
Hanyi Investments Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director) , Mr. Wong Ting Chun (Executive Director) and Mr. Wong Ting Kau (Non-executive Director)
Kings (H.K.) Health Food Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer 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 Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Wai Wing, Raymond (Executive Director), Mr. Wong Ting Chun (Executive director), Mr. Wong Ting Kau (Non-executive Director), Mr. Wong Wai Yue (Non-Executive Director) and Mr. Lin Xiugao, the cousin of Mr. Wong Ting Chung
Mr. Tam Wai Hung, David	Non-executive Director
Good Teamco (HK) Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Wai Wing, Raymond (Executive Director), Mr. Wong Ting Chun (Executive director), Mr. Wong Ting Kau (Non-executive Director), Mr. Wong Wai Yue (Non-Executive Director) and Mr. Lau Ka Keung (Non-executive Director)

31 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions *(Continued)*

	Note	2017 HK$'000	2016 HK$'000
Continuing transactions:			
Hotel services fee charged by 惠州港升置業有限公司	(i)	**1,856**	2,172
Consultancy fee charged by Mr. Tam Wai Hung, David	(i)	**1,000**	1,000
Rental charged by Hanyi Investments Limited	(i)	**2,785**	696
Non-recurring transactions:			
Advertising and promotion fee charged by Kings (H.K.) Health Food Limited	(i)	**–**	541
Advertising and promotion fee charged by Jin Jia Zhuang (Huizhou) Health Food Limited	(i)	**–**	307
Disposals of available-for-sale financial assets to Good Teamco (HK) Limited	(ii)	**–**	20,500
Net gain on disposal of an industrial premise to Hanyi Investments Limited	(i)	**–**	8,914

Notes:

(i) Terms of transactions are mutually agreed between the relevant parties.

(ii) 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 was included in "other gains/(losses), net" for the year ended 31 March 2016.

(b) Key management compensation

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

	2017 HK$'000	2016 HK$'000
Salaries, pension costs and other short-term employee benefits	**17,673**	14,646
Bonuses	**1,060**	860
Equity-settled share-based compensation	**1,680**	–
	20,413	15,506

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current asset			
Interest in a subsidiary		623,000	623,000
Current assets			
Prepayments, deposits, other receivables and other assets		–	1,212
Amount due from a subsidiary		664,936	945
Cash and cash equivalents		9,645	352
		674,581	2,509
Total assets		1,297,581	625,509
EQUITY			
Equity attributable to the owners of the Company			
Share capital		20,750	–
Reserves	(a)	1,275,495	623,505
Total equity		1,296,245	623,505
LIABILITY			
Current liabilities			
Accruals and other payables		1,061	1,954
Amount due to a subsidiary		275	50
		1,336	2,004
Total liabilities		1,336	2,004
Total equity and liabilities		1,297,581	625,509

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company

	Other reserves HK$'000	Share option reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
At 11 August 2016 (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 2016/1 April 2016	624,614	–	(1,109)	623,505
Issue of ordinary shares upon capitalisation issue	(15,000)	–	–	(15,000)
Issue of ordinary shares upon initial public offering	595,000	–	–	595,000
Issue of ordinary shares upon over-allotment	89,250	–	–	89,250
Share issuance costs	(22,765)	–	–	(22,765)
Profit for the year	–	–	81,405	81,405
Dividends (Note 14)	–	–	(78,850)	(78,850)
Equity-settled share-based compensation	–	2,950	–	2,950
As at 31 March 2017	1,271,099	2,950	1,446	1,275,495

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 2017 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 undertakings						
Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Other benefits HK$'000	Employer's contribution to pension scheme HK$'000	Equity-settled share-based compensation HK$'000	Total HK$'000
Executive directors:							
Mr. Wong Ting Chung (Chairman and chief executive officer)	120	3,900	–	–	18	241	4,279
Mr. Wong Wai Wing, Raymond	120	1,560	–	–	18	241	1,939
Mr. Wong Ting Chun	120	2,753	–	–	18	241	3,132
Mr. Li Po Sing	120	1,950	–	48	18	241	2,377
Ms. Chan Mei Hing, Aurora	120	1,300	360	–	18	241	2,039
Non-executive directors:							
Mr. Tam Wai Hung, David	120	–	–	–	–	161	281
Mr. Wong Ting Kau	120	–	–	–	6	–	126
Mr. Wong Wai Yue	120	–	–	–	6	–	126
Mr. Lau Ka Keung	120	–	–	–	6	–	126
Independent non-executive directors:							
Ms. Fan Chiu Fun, Fanny	300	–	–	–	–	–	300
Mr. Kan Chung Nin, Tony	300	–	–	–	–	–	300
Mr. Ong Chor Wei	300	–	–	–	–	–	300
Mr. Fan Chun Wah, Andrew	300	–	–	–	–	–	300
Ms. Lee Bik Kee, Betty	300	–	–	–	–	–	300
	2,580	11,463	360	48	108	1,366	15,925

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 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 undertakings					
Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Other benefits HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:						
Mr. Wong Ting Chung (Chairman and chief executive officer) (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

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 2016 is set out below *(Continued)*:

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 Keung 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.

(iv) 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 2017 (2016: Nil).

(v) No remunerations were paid or receivable in respect of accepting office as directors during the year ended 31 March 2017 (2016: Nil).

(vi) No directors waived any emoluments during the year ended 31 March 2017 (2016: Nil).

(a) Directors' retirement benefits

There were no retirement benefits paid to directors during the year ended 31 March 2017 (2016: 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 2017, there was no board resolution to early terminate of the directors' appointment in office (2016: 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 2017 (2016: 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 2017, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2016: 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 (2016: Nil).

34 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications have no impact on the Group's total equity as at both 31 March 2017 and 31 March 2016, or on the Group's profit for the years ended 31 March 2017 and 2016.

35 SUBSEQUENT EVENT

On 3 April 2017, Nameson Group Limited ("Nameson Group"), a wholly-owned subsidiary of the Company, entered into a share transfer agreement (the "Share Transfer Agreement") with Mr. Wong Ting Chung ("Mr. Wong"), pursuant to which Nameson Group agreed to acquire the entire issued share capital of Champ Gear Investments Limited held by Mr. Wong, at the consideration of HK$6,900,000. Such acquisition was completed in April 2017.

Mr. Wong is the chairman, chief executive officer, an executive director and a substantial shareholder of the Company, Mr. Wong is therefore a connected person of the Company for the purpose of the Listing Rules and accordingly, the entering into the Share Transfer Agreement with Nameson Group constituted a connected transaction for the Company.

Financial Summary

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,797,193**	2,775,345	2,567,667	2,322,265	2,542,805
Cost of sales	**(2,134,571)**	(2,171,417)	(1,994,299)	(1,768,285)	(1,895,031)
Gross profit	**662,622**	603,928	573,368	553,980	647,774
Profit before income tax	**380,614**	271,414	313,885	246,050	414,468
Income tax expenses	**(52,483)**	(39,527)	(40,539)	(26,682)	(46,070)
Profit for the year attributable to owners of the Company	**328,131**	231,887	273,346	219,368	368,398

ASSETS AND LIABILITIES

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**1,459,837**	1,085,097	1,116,085	983,093	1,119,484
Current assets	**1,272,224**	726,530	1,268,944	1,303,708	1,138,677
Total assets	**2,732,601**	1,811,627	2,385,029	2,286,801	2,258,161
Total equity	**1,569,996**	657,293	1,121,335	1,168,546	1,144,409
Non-current liabilities	**381,279**	170,960	143,568	66,172	29,426
Current liabilities	**780,786**	983,374	1,120,126	1,052,083	1,084,326
Total liabilities	**1,162,065**	1,154,334	1,263,694	1,118,255	1,113,752
Total equity and liabilities	**2,732,061**	1,811,627	2,385,029	2,286,801	2,258,161
Net current assets/(liabilities)	**491,438**	(256,844)	148,818	251,625	54,351