

**SEASON**  
p a c i f i c

**Season Pacific Holdings Limited**

**雲裳衣控股有限公司\***

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



**2018/2019**

**INTERIM REPORT**

*\* For identification purpose only*



## CONTENTS

Unaudited Consolidated Statement of Comprehensive Income	2
Unaudited Consolidated Statement of Financial Position	3
Unaudited Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	5
Notes to the Financial Statements	6
Management Discussion and Analysis	21
Other Information	28

## FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board (the “Board”) of Directors (the “Directors”) of Season Pacific Holdings Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2018 together with the comparative unaudited figures for the six months ended 30 September 2017 as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2018*

	Notes	For the six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	<b>132,203</b>	169,409
Cost of sales	5	<b>(109,600)</b>	(132,831)
Gross profit		<b>22,603</b>	36,578
Selling expenses	5	<b>(3,382)</b>	(3,495)
General and administrative expenses	5	<b>(20,552)</b>	(12,123)
Operating (loss)/profit		<b>(1,331)</b>	20,960
Finance income	8	<b>3</b>	–
Finance costs	8	<b>(69)</b>	(29)
Finance costs, net		<b>(66)</b>	(29)
(Loss)/profit before income tax		<b>(1,397)</b>	20,931
Income tax expense	9	<b>(1,874)</b>	(4,008)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company		<b>(3,271)</b>	16,923
Basic and diluted (loss)/earnings per share attributable to owners of the Company (expressed in HK cents per share)	11	<b>(0.30)</b>	1.69

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	678	808
Deferred income tax asset		256	256
Prepayments and deposits	13	3,409	3,777
		<b>4,343</b>	4,841
<b>Current assets</b>			
Trade and bills receivables, prepayments and deposits	13	80,356	68,479
Cash and cash equivalents		102,020	42,375
		<b>182,376</b>	110,854
<b>Total assets</b>		<b>186,719</b>	115,695
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	11,238	10,000
Other reserves		83,662	15,163
Retained earnings		53,969	57,240
<b>Total equity</b>		<b>148,869</b>	82,403
<b>Non-current liability</b>			
Provision for reinstatement cost	15	250	250
<b>Current liabilities</b>			
Trade, bills and other payables	15	27,057	22,872
Bank borrowings	16	8,500	8,336
Current income tax liabilities		2,043	1,834
		<b>37,600</b>	33,042
<b>Total liabilities</b>		<b>37,850</b>	33,292
<b>Total equity and liabilities</b>		<b>186,719</b>	115,695

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	
<b>Balance at 1 April 2018 (audited)</b>	<b>10,000</b>	<b>9,810</b>	<b>5,343</b>	<b>10</b>	<b>57,240</b>	<b>82,403</b>
<i>Total comprehensive loss</i>						
Loss for the period ended 30 September 2018 (unaudited)	–	–	–	–	(3,271)	(3,271)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued upon placing	1,238	58,805	–	–	–	60,043
Share-based payments	–	–	9,694	–	–	9,694
<b>Balance at 30 September 2018 (unaudited)</b>	<b>11,238</b>	<b>68,615</b>	<b>15,037</b>	<b>10</b>	<b>53,969</b>	<b>148,869</b>
Balance at 1 April 2017 (audited)	10,000	9,810	–	10	41,552	61,372
<i>Total comprehensive income</i>						
Profit for the period ended 30 September 2017 (unaudited)	–	–	–	–	16,923	16,923
Balance at 30 September 2017 (unaudited)	10,000	9,810	–	10	58,475	78,295

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Cash flows from operating activities</b>		
Cash generated/(used in) from operations	1,189	(10,621)
Income tax paid	(1,665)	–
<b>Net cash used in operating activities</b>	<b>(476)</b>	<b>(10,621)</b>
<b>Cash flows from investing activity</b>		
Purchases of property, plant and equipment	(17)	(45)
<b>Cash used in investing activity</b>	<b>(17)</b>	<b>(45)</b>
<b>Cash flows from financing activities</b>		
Increase in short-term bank borrowing	164	851
Interest paid	(69)	(29)
Proceed from shares issued upon placing	60,043	–
<b>Net cash generated from financing activities</b>	<b>60,138</b>	<b>822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>59,645</b>	<b>(9,844)</b>
Cash and cash equivalents at beginning of the period	42,375	34,016
<b>Cash and cash equivalents at the end of the period</b>	<b>102,020</b>	<b>24,172</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL

The Company was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) 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 has established a place of business in Hong Kong at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. The ultimate holding company of the Company is Alpha Direct Investments Limited ("Alpha Direct").

The shares of the Company (the "Share(s)") were listed on GEM by way of placing (the "Listing") on 7 October 2015 (the "Listing Date") and have been transferred to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 September 2017.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 (the "Interim Financial Information") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Interim Financial Information has been prepared under the historical cost convention and is presented in Hong Kong Dollars ("HK\$"), and all values are rounded to the nearest thousand except when otherwise indicated.

The Interim Financial Information does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

The preparation of the Interim Financial Information requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES

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

#### HKFRS 9, 'Financial Instruments'

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

All of the Group's financial assets and financial liabilities were carried at amortised cost, which continue to be measured on the same basis under initial application of HKFRS 9. As a result, the adoption of HKFRS 9 does not have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities. Management has performed an evaluation of the expected credit loss position as at 1 April 2018, and concluded that the impact of the new standard on that date to be insignificant and therefore no restatement of the balance as at that date was required.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES *(Continued)*

#### HKFRS 9, 'Financial Instruments' *(Continued)*

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

Based on the historical experience of the Group, the default rates of the outstanding balances with customers are low. Hence, the application of HKFRS 9 does not result in a significant impact on the Group's impairment provisions and financial position and results of operations.

#### HKFRS 15, 'Revenue from contracts with customers'

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The major revenue stream for the Group is sales of goods, the performance obligations of this revenue is recognised at a point in time when control of goods transfers to customers, which generally consist with the time when the goods are delivered to customers and title has been passed.

The application of HKFRS 15 does not result in any significant impact on the Group's financial position and results of operations.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources.

The Group is principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. Information reported to the executive Directors for the purpose of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment — sales of apparel with the provision of supply chain management total solutions to customers, and segment disclosures are not presented.

Analysis of revenue and other income is as follows:

	For the six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue		
Sales of goods	<b>132,203</b>	169,409

Revenue from external customers is analysed by region as follows:

	For the six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
America	<b>70,906</b>	79,159
Europe	<b>46,361</b>	47,820
Asia Pacific	<b>12,483</b>	8,777
Middle East	<b>2,453</b>	33,653
	<b>132,203</b>	169,409

## NOTES TO THE FINANCIAL STATEMENTS

### 4 SEGMENT INFORMATION *(Continued)*

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	For the six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	29,497	15,113
Customer B	27,808	—
Customer C	25,269	25,921

### 5 EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold	106,495	129,130
Sales commission	1,253	1,136
Incentive fee	500	500
Depreciation of property, plant and equipment	147	182
Operating lease rentals in respect of		
— office	1,681	1,681
— staff quarter	380	377
— car park	128	122
Auditors' remuneration	575	550
Employee benefit expenses (Note 6)	10,491	7,541
Entertainment and travelling expenses	336	882
Share options granted to external consultants and supplier	6,545	—
Other expenses	5,003	6,348
Total cost of sales, selling expenses and general and administrative expenses	133,534	148,449

## NOTES TO THE FINANCIAL STATEMENTS

### 6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Salaries, bonus and other short-term employee benefits	7,138	7,310
Share options granted to directors	3,149	–
Pension costs — defined contribution plans	204	231
	<b>10,491</b>	7,541

### 7 SHARE-BASED PAYMENTS

On 27 April 2018, a total of 60,000,000 share options were granted under the Share Option Scheme of the Company (the "Share Option Scheme") with no vesting period. The exercise price of the share options granted is HK\$0.425 per share.

Name	Position held/relationship with the Company	Number of share options granted
Mr. Chak Ka Wai ("Mr. Chak")	Executive Director	10,000,000
Ms. Luk Huen Ling Claire ("Ms. Luk")	Independent non-executive director	10,000,000
External consultants and supplier	Not applicable	40,000,000

The exercise price of share options of HK\$0.425 per share, which is higher of (i) the closing price of HK\$0.425 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; and (ii) the average closing price of HK\$0.414 per share as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

During the six months ended 30 September 2018, there was no exercise, lapse or cancellation of share options (six months ended 30 September 2017: nil).

As at 30 September 2018, the share options outstanding having an exercise price of HK\$0.482 will expire on 27 October 2027 and the share options outstanding having an exercise price of HK\$0.425 will expire on 27 April 2028.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 SHARE-BASED PAYMENTS *(Continued)*

During the six months ended 30 September 2018, share-based payment expense in relation to share options granted to employees and the external consultants and supplier were HK\$3,149,000 and HK\$6,545,000 (six months ended 30 September 2017: nil) respectively and charged to the consolidated statement of comprehensive income.

#### Fair value of share options and assumptions

The fair value of the share options granted during the six months ended 30 September 2018 were derived from Binomial option pricing model by applying the following bases and assumptions:

	Share options granted to	
	Mr. Chak and Ms. Luk	External consultants and supplier
Grant date	27/4/2018	27/4/2018
Number of options granted	20,000,000	40,000,000
Option life (Note (i))	10 years	10 years
Risk-free rate (Note (ii))	2.147%	2.019%
Volatility (Note (iii))	38.62%	38.62%
Dividend yield	0%	0%
Fair value per share option at grant date	HK\$0.1574	HK\$0.1636
Total fair value for each batch	HK\$3,149,000	HK\$6,545,000

Notes:

- (i) The option life was determined with reference to the expiry date of the Share Options Scheme and the estimation on expected retirement date of the respective individuals and probability of contract renewal with the external consultant by management.
- (ii) The risk-free rate was determined with reference to the yield of Hong Kong Government Exchange Fund Notes with a maturity life equal to the time to maturity of the share options at the grant date.
- (iii) The volatility of the share options was calculated based on the daily stock prices of the comparables companies. The length of period approximately equals to the time to maturity of the share options at the grant date.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 SHARE-BASED PAYMENTS *(Continued)*

#### Fair value of share options and assumptions *(Continued)*

The fair value of the share options granted during the six months ended 30 September 2018 has been arrived on the basis of a valuation carried out at the grant date by an independent valuation service provider. The fair value of the share options are subject to the limitations of the Binomial option pricing model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. The weight average fair value of share options granted during the six months ended 30 September 2018 determined using the Binomial option pricing model was HK\$0.162 per share option (six months ended 30 September 2017: nil).

The outstanding share options as at 30 September 2018 had a weighted average remaining contractual life of 9.38 years (31 March 2018: 9.58).

At 30 September 2018, the Company had 100,000,000 (31 March 2018: 40,000,000) share options outstanding under the Share Options Scheme, which represented approximately 8.9% (31 March 2018: 4.0%) of the Company's shares in issue at that date. Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

### 8 FINANCE COST, NET

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest expenses on bank borrowings	(69)	(29)
Bank interest income	3	–
	<b>(66)</b>	<b>(29)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9 INCOME TAX EXPENSE

The amount of taxation charged to the unaudited consolidated statement of comprehensive income represents:

	For the six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
— Hong Kong	<b>1,874</b>	4,006
— The People's Republic of China ("PRC")	—	2
<b>Total</b>	<b>1,874</b>	<b>4,008</b>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for each of the periods shown above. Corporate income tax of the PRC has been provided at the preferential rate of 10% on the estimated assessable profit for each of the periods shown above. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

### 10 DIVIDENDS

The Board did not recommend any payment of an interim dividend for the six months ended 30 September 2018 and 2017.

## NOTES TO THE FINANCIAL STATEMENTS

### 11 (LOSS)/EARNINGS PER SHARE

#### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary Shares in issue during the respective periods.

	For the six months ended 30 September	
	2018 (unaudited)	2017 (unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	<b>(3,271)</b>	16,923
Weighted average number of ordinary Shares in issue ('000)	<b>1,082,533</b>	1,000,000
Basic (loss)/earnings per Share (HK cents per Share)	<b>(0.30)</b>	1.69

#### (b) Diluted

For the six months ended 30 September 2018 and 2017, diluted (loss)/earnings per Share were equal to the basic (loss)/earnings per Share as there were no potential dilutive ordinary Shares outstanding during the respective periods.

### 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group purchased property, plant and equipment of approximately HK\$17,000 (six months ended 30 September 2017: HK\$45,000).



## NOTES TO THE FINANCIAL STATEMENTS

### 13 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Trade and bills receivables	65,318	42,397
Prepaid incentive fee (Note (a))	2,454	2,954
Advance payment of sales commission	815	1,356
Payment in advance to suppliers	12,518	22,728
Rental deposits	1,955	1,948
Prepayments	434	382
Other receivables	271	491
Total trade and bills receivables, prepayments and deposits	83,765	72,256
Less: Non-current portion		
Long-term portion of prepaid incentive fee	(1,454)	(1,954)
Long-term portion of rental deposits	(1,955)	(1,823)
	80,356	68,479

Note:

- (a) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited ("Asian Succeed"), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group's products and services for a period of five years. The Group paid a sign up and incentive fee to Asian Succeed of HK\$5,000,000. The prepaid incentive fee is subject to amortisation of five years.

As at 30 September 2018, the Group recognised HK\$2,454,000 (31 March 2017: HK\$2,954,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position and an incentive fee of HK\$500,000 (six months ended 30 September 2017: HK\$500,000) has been charged to the consolidated statement of comprehensive income during the six months ended 30 September 2018.

The carrying amounts of trade and bills receivables, prepayments and deposits approximated their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The Group's sales are with credit terms of up to 150 days (31 March 2018: 90 days). The ageing analysis of trade and bills receivables, based on due date, is as follows:

	<b>As at 30 September 2018 HK\$'000 (unaudited)</b>	As at 31 March 2018 HK\$'000 (audited)
Current	<b>55,468</b>	23,389
1 to 30 days	<b>9,057</b>	5,842
31 to 60 days	<b>541</b>	2,651
61 to 90 days	<b>14</b>	987
Over 90 days	<b>238</b>	9,528
Past due but not impaired	<b>9,850</b>	19,008
Total trade and bills receivables	<b>65,318</b>	42,397

Trade and bills receivables that were past due but not impaired related to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts could be recovered.

As at 30 September 2018 and 31 March 2018, no trade and bills receivables were impaired.

### 14 SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares HK\$ (unaudited)</b>
<b>Authorised share capital</b>		
As at 31 March 2018 and 30 September 2018	10,000,000,000	100,000,000
<b>Issued and fully paid</b>		
As at 31 March 2018	1,000,000,000	10,000,000
Shares issued upon placing (a)	123,800,000	1,238,000
As at 30 September 2018	1,123,800,000	11,238,000

Note:

- (a) In June 2018, the placing was completed and a total of 123,800,000 Shares were issued under the general mandate of the Company. For further details, please refer to the Company's announcements dated 16 May 2018, 23 May 2018 and 1 June 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES

	<b>As at 30 September 2018 HK\$'000 (unaudited)</b>	As at 31 March 2018 HK\$'000 (audited)
Trade and bills payables	<b>23,805</b>	16,026
Receipts in advance from customers	<b>967</b>	4,244
Provision for reinstatement cost	<b>250</b>	250
Accrued employee benefits expenses	<b>965</b>	612
Other accruals and payables	<b>1,320</b>	1,990
	<b>27,307</b>	23,122
Less: Non-current portion		
Provision for reinstatement cost	<b>(250)</b>	(250)
	<b>27,057</b>	22,872

#### Trade and bills payables

The ageing analysis of the trade and bills payables based on due date is as follows:

	<b>As at 30 September 2018 HK\$'000 (unaudited)</b>	As at 31 March 2018 HK\$'000 (audited)
Current	<b>10,732</b>	10,119
1 to 30 days	<b>12,241</b>	632
31 to 60 days	<b>396</b>	4,125
61 to 90 days	<b>16</b>	731
Over 90 days	<b>420</b>	419
Total trade and bills payables	<b>23,805</b>	16,026

## NOTES TO THE FINANCIAL STATEMENTS

### 16 BANK BORROWINGS

At 30 September 2018, the bank borrowings were repayable within 1 year with the average interest rate per annum ranging from 3.52% to 3.97% (31 March 2018: 2.29% to 2.74%). The exposure of the bank borrowings to interest rate changes and the contractual repricing dates at the end of the year were 6 months or less.

The carrying amounts of the bank borrowings were unsecured, denominated in HK\$ and approximated their fair values.

### 17 COMMITMENTS

The Group leases its office and staff quarter under non-cancellable operating lease agreements. The lease terms range from two to three years.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	<b>As at 30 September 2018 HK\$'000 (unaudited)</b>	As at 31 March 2018 HK\$'000 (audited)
No later than 1 year	<b>4,227</b>	3,350
Later than 1 year and no later than 5 years	<b>5,440</b>	7,158
	<b>9,667</b>	10,508

The Group did not have any material capital commitments as at 30 September and 31 March 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 RELATED PARTY TRANSACTIONS

#### (a) Transaction with related party

Save as disclosed elsewhere in the Interim Financial Information, there were no significant transactions with related parties during six months ended 30 September 2017 and 2018.

#### (b) Key management compensation

Key management includes directors (executive and non-executive), five highest paid individuals and other senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	3,640	3,284
Share-based payment expenses	1,575	—
Pension costs — defined contribution plans	60	51
	<b>5,275</b>	3,335

### 19 CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September and 31 March 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group sells apparel products and provides supply chain management total solutions to customers.

The Group recorded a loss and total comprehensive loss attributable to owners of the Company of approximately HK\$3.3 million for the six months ended 30 September 2018 as compared to a profit and total comprehensive income attributable to owners of the Company of approximately HK\$16.9 million for the six months ended 30 September 2017. Such turnaround was mainly attributable to (1) the recognition of one-off non-cash expenses for share based payment of approximately HK\$9.7 million; (2) non-recurring placing commission and other fees in relation to the placing (the “Placing”) of new Shares of the Company completed in June 2018 of approximately HK\$1.4 million and (3) a decline of approximately 22.0% of the revenue of the Group for the six months ended 30 September 2018 as compared to same period last year due to lower sales as a result of difficult trading environments in certain markets. On the business side, both sales and margin are under pressure due to continued challenges in the global business environment which has resulted in the Group facing sales pressures particularly in tough markets such as the Americas with escalating trade wars and increased import duties resulting in sales down of approximately 10.4% and the Middle East with sales down of approximately 92.7%. As the Group’s customers in such markets had a difficult trading environment resulting in the Group taking pro-active steps in managing receivable risk. The Group sustained its performance in the European market for the six months ended 30 September 2018 with sales drops of approximately 3.1% only. Despite the Group provided high quality designs and innovative total supply chain solutions to its customers, due to the tough market environment, retail sales for some of the Group’s key customers decreased. As a result, the Group’s gross profit margin decreased.

For the six months ended 30 September 2018, the Group recorded a drop in gross profit margin with a loss in market share in America and the Middle East. The decrease in revenue and gross profit margin for the six months ended 30 September 2018 reflects the Group’s difficult trading environment where customers decreased their orders and/or significantly reduced the scale of their operations.

On 1 June 2018, a total of 123,800,000 new Shares were successfully placed to investors with net proceeds from the Placing, after deducting the placing commission, and related professional, publication fees payable by the Company, of approximately HK\$58.6 million. For further details, please refer to the paragraph headed “Issue of securities” in this interim report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased to approximately HK\$132.2 million for the six months ended 30 September 2018 from approximately HK\$169.4 million for the six months ended 30 September 2017, representing a decrease of approximately 22.0%. This decrease in revenue was mainly attributable to a decrease in market share in America and the Middle East due to difficult market conditions resulting in some existing customers decreasing their orders compared to the same period last year.

### Cost of sales

The Group's cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The cost of sales decreased to approximately HK\$109.6 million for the six months ended 30 September 2018 from approximately HK\$132.8 million for the six months ended 30 September 2017, representing a decrease of approximately 17.5%. The Group's cost of sales decreased along with the decrease in revenue for six months ended 30 September 2018.

### Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$22.6 million for the six months ended 30 September 2018 from approximately HK\$36.6 million for the six months ended 30 September 2017, representing a decrease of approximately 38.3%. In order to maintain the Group's market share and the difficult market environment, the Group offered competitive pricing for greater portion of its sales, which diluted the effect of sales with higher gross profit margin by providing both high quality designs and innovative total supply chain solutions during the six months ended 30 September 2018. In addition, with the loss of high margin sales to Middle East customers, the Group's gross profit margins suffered further downward pressure.

### Selling expenses

Selling expenses mainly consist of sales commission paid to external sales representatives and staff costs of in-house staff whose roles are mainly focused on sourcing new customers. Selling expenses decreased to approximately HK\$3.4 million for the six months ended 30 September 2018 from approximately HK\$3.5 million for the six months ended 30 September 2017, representing a decrease of approximately 2.9%. The decrease in the Group's selling expenses was mainly attributable to decrease in freight charges.

## MANAGEMENT DISCUSSION AND ANALYSIS

### General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK\$20.6 million for the six months ended 30 September 2018 from approximately HK\$12.1 million for six months ended 30 September 2017, representing an increase of approximately 70.2%. Such increase was mainly due to non-recurring expenses relating to the Placing commission and other fees of HK\$1.4 million and the recognition of one-off non-cash expenses for share based payment of approximately HK\$9.7 million for the six months ended 30 September 2018 compared to HK\$2.1 million non-recurring listing expenses incurred for the six months ended 30 September 2017.

### Loss and total comprehensive loss attributable to owners of the Company

Loss and total comprehensive loss attributable to owners of the Company of approximately HK\$3.3 million for the six months ended 30 September 2018 was recorded as compared to a profit and total comprehensive income attributable to owners of the Company of approximately HK\$16.9 million for the six months ended 30 September 2017. Such turnaround reflects the tough economic and trading environment and loss in sales from customers in America and the Middle East. In addition, there were one-off effects totalling approximately HK\$11.1 million incurred for the recognition of share based payment and Placing commission and other fees during the six months ended 30 September 2018 while there were approximately HK\$2.1 million non-recurring listing expenses incurred for the six months ended 30 September 2017.

The underlying performance of the Group is better reflected by adjusting the profit and total comprehensive income attributable to owners of the Company for the above mentioned non-recurring expenses of approximately HK\$11.1 million and approximately HK\$2.1 million for the six months ended 30 September 2018 and 2017 respectively. This results in an adjusted profit and total comprehensive income attributable to owners of the Company of approximately HK\$7.8 million for the six months ended 30 September 2018 representing a decrease of approximately 58.9% compared to the adjusted profit and total comprehensive income attributable to owners of the Company for the six months ended 30 September 2017.

### LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2018, the Group mainly financed its operations with its own working capital and net proceeds from the Listing and Placing. As at 30 September 2018 and 31 March 2018, the Group had net current assets of approximately HK\$144.8 million and HK\$77.8 million respectively, including cash and bank balances of approximately HK\$102.0 million and HK\$42.4 million respectively. The Group's current ratio increased from approximately 3.4 as at 31 March 2018 to approximately 4.9 as at 30 September 2018. Such increase was mainly attributable to the increase in current assets during the six months ended 30 September 2018.



## MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio is calculated by dividing total debts by total equity as at the end of the period. The Group's gearing ratio decreased from approximately 0.40 times as at 31 March 2018 to approximately 0.25 times as at 30 September 2018 which was mainly attributable to an increase in total equity during the six months ended 30 September 2018.

### TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure of credit risk. Besides, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

### COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises and staff quarter. The Group's operating lease commitments amounted to approximately HK\$9.7 million and HK\$10.5 million as at 30 September 2018 and 31 March 2018 respectively. As at 30 September 2018, the Group did not have any significant capital commitments (31 March 2018: nil).

### CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 14 to the Interim Financial Information of the Group.

### SIGNIFICANT INVESTMENTS

As at 30 September 2018, the Group did not hold any significant investments (31 March 2018: nil).

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus of the Company dated 29 September 2015 (the "Prospectus"), the Group currently has no other plan for material investments and capital assets.

### CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018 and 31 March 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("HK\$"), Renminbi ("RMB") and Euro dollars ("EUR"). As at 30 September and 31 March 2018, foreign exchange risk on financial assets and liabilities denominated in EUR and RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in United States Dollars ("US\$"), which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging currently.

### PLEDGE OF ASSETS

As at 30 September 2018, the Group did not pledge any of its assets (31 March 2018: nil) as securities for any facilities granted to the Group.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018 and 2017, the Group employed a total of 28 and 34 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2018 and 2017, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$10.5 million and HK\$7.5 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses and/or share options would be discretionarily offered to employees in accordance with their performance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Shares have been listed on GEM on 7 October 2015 by way of placing (the "Listing"). The actual net proceeds from the Listing, after deducting commission and expenses borne by the Company in connection with the Listing, were approximately HK\$5.1 million (the "Actual Net Proceeds"), which were less than the estimated one stated in the Prospectus and the allotment results announcement of the Company dated 6 October 2015 (the "Allotment Results Announcement"). The difference between the Actual Net Proceeds and the estimated proceeds stated in the Allotment Results Announcement was due to listing fees which were recognised in the combined statement of comprehensive income for the year ended 31 March 2015 and unexpected higher amount of professional fees relating to the GEM listing (such as auditors, lawyers and financial printer fees). Despite the difference in the Actual Net Proceeds compared to the estimated net proceeds, the Company has not altered its initial expansion or development plans but instead plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period (the "Period") from 1 October 2015 to 30 June 2018 but with monetary adjustments to each business strategic plan on a pro rata basis. As the Listing completed after 30 September 2015, the estimated use of proceeds for the period ended 30 September 2015 as stated in the Prospectus would be foregone. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the period up to 30 September 2018.

<b>Business strategies and business objectives as set out in the Prospectus</b>	<b>Adjusted allocation of the Actual Net Proceeds For the period up to 30 September 2018</b>	<b>Actual use of the Actual Net Proceeds</b>
	HK\$'000	HK\$'000
Expand the geographical coverage of the Group's customers (Note)	1,746	1,746
Expand the geographical base of the Group's third-party manufacturers	802	802
Further develop the Group's design and development capabilities	1,233	1,233
Expand the Group's product types to further cater to customers' needs	964	964
General working capital	330	330
<b>Total</b>	<b>5,075</b>	<b>5,075</b>

Note: The Actual Net Proceeds would only be utilised for, among others, salary of the team head for the new merchandising team subsequent to the Listing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUBSEQUENT EVENTS

As at the date of this interim report, the Group has no significant events after the reporting period.

## FUTURE PROSPECTS

The Group's comprehensive and excellent range of supply chain management total solutions which include market trend analysis, design and product development, sourcing, production management, quality control and logistics services faces an increasingly uncertain future. The macro economic uncertainties arising from headwinds in global trade from increases in US trade tariffs, as well as an increasing interest rate environment and downward pressures on the global stock markets creates a very difficult trading environment.

Despite the Group's extensive network and immense experience in the apparel industry worldwide resulting in growth in market share especially with the new multinational customer with 7,000 stores worldwide, the general prospects for the industry remains very challenging. The retail industry in the Americas and Middle East have proven to be increasingly difficult with several well known and established retailers as well as other independent retailers closing down operations in the US this year.

Given the challenges in the global economic outlook, the Group will continue to diversify its business into different geographic regions across America, Europe and Middle East and mitigate the risks of any shortcoming in any single region. In addition, subsequent to the Placing, the Group intends to source and develop the Group's own brand or acquisition of brand(s) for garment and related products as well as to enhance the supply chain management efficiency and capacity and expansion of sales network to create greater business diversification in order to better handle the tough economic climate.

The Group will continue to target to grow its business in countries where an improving economic outlook can be seen. The previous strategy of developing Europe was well received with the Group's European business proving to be more resilient, however the future prospect may prove to be more difficult given the great uncertainty with international trade.

The Group expects great pressure to the Group's revenue, gross profit and net income margin amid the challenging business environment. Nevertheless, the Directors and the Group will handle these challenges as best as possible by utilising the Group's leading total supply chain management solutions and partnering and providing its customers with the best solutions in this challenging environment.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571. Laws of Hong Kong)) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director(s)	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in the Company (Note 1)
Mr. Cheung Lui ("Mr. Cheung")	Interest of controlled corporation/ Corporate interest	554,500,000 (Note 2)	49.34%
	Beneficial owner/ Personal interest	10,000,000 (Note 3)	0.89%
Mr. Chak	Beneficial owner/ Personal interest	10,000,000 (Note 3)	0.89%
Ms. Luk	Beneficial owner/ Personal interest	10,000,000 (Note 3)	0.89%

Notes:

1. Based on the total number of issued Shares as at 30 September 2018.
2. These 554,500,000 Shares were registered in the name of Alpha Direct. Mr. Cheung held 100% of the entire issued share capital of Alpha Direct and was deemed to be interested in the 554,500,000 Shares held by Alpha Direct pursuant to the SFO.
3. These 10,000,000 Shares represented the share options granted to each of Mr. Cheung, Mr. Chak and Ms. Luk pursuant to the share option scheme of the Company.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

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

At 30 September 2018, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in the Company (Note 1)
Alpha Direct	Beneficial owner/ Corporate interest	554,500,000	49.34%
Ms. Ngan Shui Ling Crystal	Interest of spouse (Note 2)/ Family interest	564,500,000	50.23%
DA Equity Partners Limited ("DA Equity")	Beneficial owner (Note 3)/ Corporate interest	113,569,000	10.11%
Mr. Chen Ningdi ("Mr. Chen")	Interest in controlled corporation (Note 4)/ Corporate interest	180,069,000	16.02%

Notes:

1. Based on the total number of issued Shares as at 30 September 2018.
2. Ms. Ngan Shui Ling Crystal was the spouse of Mr. Cheung. By virtue of the SFO, she was deemed to be interested in all the Shares held by Mr. Cheung.
3. The information above and herein was disclosed based on the disclosure of interest notice filed by DA Equity on 18 July 2018, which was the latest disclosure of interest notice filed by DA Equity as at 30 September 2018. Mr. Chen held 100% of the entire issued share capital of DA Equity and therefore was deemed to be interested in the Shares held by DA Equity pursuant to the SFO.
4. The information above and herein was disclosed based on the disclosure of interest notice filed by Mr. Chen on 23 August 2018, which was the latest disclosure of interest notice filed by Mr. Chen as at 30 September 2018. Among these 180,069,000 Shares, 113,569,000 of which were held by DA Equity and 66,500,000 of which were held by DA Asset Management Limited. Mr. Chen held 100% of each of DA Equity and DA Asset Management Limited and therefore was deemed to be interested in the Shares held by each of these companies pursuant to the SFO.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2018, no person, other than a Director or chief executive of the Company, whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares, and Debentures” above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### CORPORATE GOVERNANCE PRACTICES

The Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (“CG Code”). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the six months ended 30 September 2018, the Company has complied with all the code provisions as set out in the CG Code except the deviation stated in the following paragraph.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 September 2018, Mr. Cheung performed his duties as both the chairman and chief executive officer of the Company.

However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Cheung and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

### MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the Company’s code of conduct concerning securities transactions by the Directors for the six months ended 30 September 2018.

## OTHER INFORMATION

### SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2015 (the “Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants (the “Eligible Participants”) of the Share Option Scheme include the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

The maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The Company may seek approval by its shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Pursuant to the resolution passed by the shareholders of the Company in the annual general meeting of the Company held on 21 September 2018, the limit of the Share Option Scheme was refreshed as at the date of meeting and accordingly, the Company is allowed under the “refreshed limit” to grant options carrying the rights to subscribe for up to a total of 112,380,000 Shares, representing 10% of the issued Shares as at the date of meeting.

Unless approved by the Shareholders in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person).



## OTHER INFORMATION

An offer of share options shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme.

During the six months ended 30 September 2018, the Company granted 60,000,000 share options under the Share Option Scheme. As at 30 September 2018, the Company had 100,000,000 share options (31 March 2018: 40,000,000) outstanding under the Share Option Scheme.

## OTHER INFORMATION

Details of movements in the share options under the Share Option Scheme during the six months ended 30 September 2018 are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2018	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30 September 2018	Exercise price per share	Share price prior to the grant of share options	Exercise period
<b>Directors</b>										
Mr. Cheung (Note 1)	27 October 2017	10,000,000	-	-	-	-	10,000,000	HK\$0.482	HK\$0.47	27 October 2017 to 27 October 2027
Mr. Chak (Note 1)	27 April 2018	-	10,000,000	-	-	-	10,000,000	HK\$0.425	HK\$0.42	27 April 2018 to 27 April 2028
Ms. Luk (Note 2)	27 April 2018	-	10,000,000	-	-	-	10,000,000	HK\$0.425	HK\$0.42	27 April 2018 to 27 April 2028
Sub-total		10,000,000	20,000,000	-	-	-	30,000,000			
Employee(s) of the Group	27 October 2017	10,000,000	-	-	-	-	10,000,000	HK\$0.482	HK\$0.47	27 October 2017 to 27 October 2027
Other participant(s)	27 October 2017	20,000,000	-	-	-	-	20,000,000	HK\$0.482	HK\$0.47	27 October 2017 to 27 October 2027
	27 April 2018	-	40,000,000	-	-	-	40,000,000	HK\$0.425	HK\$0.42	27 April 2018 to 27 April 2028
Total		40,000,000	60,000,000	-	-	-	100,000,000			

Notes:

1. Mr. Cheung and Mr. Chak are executive Directors.
2. Ms. Luk is an independent non-executive Director.

There are no vesting period for the share options granted under the Share Option Scheme.

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

During the six months ended 30 September 2018, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such Shares.

## OTHER INFORMATION

### ISSUE OF SECURITIES

For the six months ended 30 September 2018, the Company had issued certain securities, details of which are set out below:

Reference is made to the announcements of the Company dated 16 May 2018, 23 May 2018 and 1 June 2018. The Company and Fulbright Securities Limited (the “Placing Agent”) entered into a placing agreement on 16 May 2018 (as amended by a supplemental agreement dated 23 May 2018 and entered into by the same parties) in respect of the placement of up to 123,800,000 ordinary shares of HK\$0.01 each (“Placing Shares”) at a placing price of HK\$0.485 per Placing Share to not less than six places. The placing price of HK\$0.485 represented a discount of approximately 19.17% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 23 May 2018, being the date of the supplemental agreement.

On 1 June 2018, the placing was completed and a total of 123,800,000 Placing Shares were issued under the general mandate of the Company. Accordingly, the aggregate nominal value of the Placing Shares was HK\$1,238,000.

The Placing Shares were placed by the Placing Agent to not less than six places (being individual(s), professional, institutional and/or corporate investors).

The net proceeds from the Placing were approximately HK\$58.6 million. Accordingly, the net price of each Placing Share was approximately HK\$0.47 per Placing Share. Set out below the intended use of net proceeds of the Placing and their respective status as at 30 September 2018:

<b>Intended use</b>	<b>Amount of proceeds allocated (HK\$' million)</b>	<b>Actual amount of proceeds used as at 30 September 2018 (HK\$' million)</b>
Sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products (note 1)	25.0	–
Enhancement of supply chain management efficiency and capacity, and expansion of sales network (note 2)	25.0	–
General working capital purpose	8.6	8.6
<b>TOTAL:</b>	<b>58.6</b>	<b>8.6</b>

Notes:

1. The Company currently expects that the net proceeds allocated will be used by 1 June 2019.
2. The Company currently expects that the net proceeds allocated will be used by 1 June 2020.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or any entity connected with any Director had a material interest whether directly or indirectly, in any transactions, arrangement and contract of significance to the business of the Group, to which the Company or any of its subsidiaries or its parent companies was a party subsisted during or at the end of the six months ended 30 September 2018.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the six months ended 30 September 2018 and up to the date of this interim report, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

### NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang Ngai, details of which were set out in the Prospectus, has been fully complied and enforced for the six months ended 30 September 2018. The Company further confirms that the deed of non-competition dated 25 September 2015 and given by Mr. Cheung and Alpha Direct, details of which were set out in the Prospectus, has been fully complied and enforced for the six months ended 30 September 2018. The Board also confirms that there are no other matters in relation to the aforesaid non-competition undertaking and deed of non-competition which should be brought to the attention of the Shareholders and the potential investors.

### CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2017/2018 annual report of the Company are set out below:

Directors	Details of changes
Mr. Chang Eric Jackson	Resigned as non-executive director of Sino Vision Worldwide Holdings Limited, whose shares are listed on the GEM of Stock Exchange, with effect from 19 July 2018

## OTHER INFORMATION

### AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 22 September 2015. The terms of reference of the Audit Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee risk management and internal control systems of the Group.

For the six months ended 30 September 2018, the Audit Committee consisted of three members, namely Mr. Lam Yau Lun (chairman of the Audit Committee) (appointed with effect from 26 May 2017; resigned with effect from 25 May 2018), Mr. Chang Eric Jackson (chairman of the Audit Committee) (appointed with effect from 25 May 2018), Mr. Choi Sheung Jeffrey and Ms. Luk, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this interim report, including the Interim Financial Information.

By order of the Board

**Season Pacific Holdings Limited**

**Cheung Lui**

*Chairman, Chief Executive Officer & Executive Director*

Hong Kong, 15 November 2018

As at the date of this report, the executive Directors are Mr. Chak Ka Wai, Mr. Cheung Lui and Mr. Yu Xiu Yang, the non-executive Director is Ms. Chin Ying Ying; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire.