

**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



**2019/2020**

**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	26
Other Information	32

## FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 2019 together with the comparative unaudited figures for the six months ended 30 September 2018 as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2019*

	Notes	For the six months ended	
		2019	2018
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	<b>132,746</b>	132,203
Cost of sales	5	<b>(122,630)</b>	(109,600)
Gross profit		<b>10,116</b>	22,603
Other gains/(losses), net	6	<b>(37,311)</b>	–
Selling expenses	5	<b>(3,531)</b>	(3,382)
General and administrative expenses	5	<b>(16,499)</b>	(20,552)
Operating loss		<b>(47,225)</b>	(1,331)
Finance income	9	<b>4</b>	3
Finance costs	9	<b>(123)</b>	(69)
Finance costs, net		<b>(119)</b>	(66)
Loss before income tax		<b>(47,344)</b>	(1,397)
Income tax expense	10	<b>(130)</b>	(1,874)
Loss and total comprehensive loss for the period attributable to owners of the Company		<b>(47,474)</b>	(3,271)
Basic and diluted loss per share attributable to owners of the Company (expressed in HK cents per share)	12	<b>(4.22)</b>	(0.30)

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,201	1,111
Right-of-use assets		5,092	–
Deferred income tax asset		278	278
Prepayments and deposits	14	1,969	2,115
Financial assets at fair value through profit or loss	15	17,385	57,038
		<b>25,925</b>	60,542
<b>Current assets</b>			
Trade and bills receivables, deposits and other receivables	14	102,335	46,586
Financial assets at fair value through profit or loss	15	20,908	17,753
Income tax recoverable		4,426	3,291
Cash and cash equivalents		28,251	52,284
		<b>155,920</b>	119,914
<b>Total assets</b>		<b>181,845</b>	180,456
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	11,238	11,238
Other reserves		87,931	83,662
Retained earnings		28,210	75,922
<b>Total equity</b>		<b>127,379</b>	170,822
<b>Non-current liability</b>			
Provision for reinstatement cost	17	250	250
Lease liabilities		1,997	–
		<b>2,247</b>	250
<b>Current liabilities</b>			
Trade, bills and other payables	17	44,750	7,884
Bank borrowings	18	4,103	1,500
Lease liabilities		3,326	–
Current income tax liabilities		40	–
		<b>52,219</b>	9,384
<b>Total liabilities</b>		<b>54,466</b>	9,634
<b>Total equity and liabilities</b>		<b>181,845</b>	180,456

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company					
	Share capital	Share premium	Share options reserve	Capital reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 April 2019 (audited)</b>	<b>11,238</b>	<b>68,615</b>	<b>15,037</b>	<b>10</b>	<b>75,922</b>	<b>170,822</b>
Effect on adoption of HKFRS 16	–	–	–	–	(238)	(238)
Balance at 1 April 2019, as adjusted (unaudited)	<b>11,238</b>	<b>68,615</b>	<b>15,037</b>	<b>10</b>	<b>75,684</b>	<b>170,584</b>
<i>Total comprehensive loss</i>						
Loss for the period ended 30 September 2019 (unaudited)	–	–	–	–	(47,474)	(47,474)
<i>Transactions with owners in their capacity as owners</i>						
Share-based payments	–	–	4,269	–	–	4,269
<b>Balance at 30 September 2019 (unaudited)</b>	<b>11,238</b>	<b>68,615</b>	<b>19,306</b>	<b>10</b>	<b>28,210</b>	<b>127,379</b>
Balance at 1 April 2018 (audited)	10,000	9,810	5,343	10	57,240	82,403
<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
Balance at 30 September 2018 (unaudited)	11,238	68,615	15,037	10	53,969	148,869

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Operating activities</b>		
Cash (used in)/generated from operations	(13,967)	1,189
Income tax paid	(1,225)	(1,665)
<b>Net cash generated from operating activities</b>	<b>(15,192)</b>	<b>(476)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(389)	(17)
Addition of financial assets at fair value through profit or loss	(29,656)	–
Proceeds from sales of financial assets at fair value through profit or loss	28,335	–
Short term lending	(8,000)	–
Interest received	4	–
<b>Net cash used in investing activities</b>	<b>(9,706)</b>	<b>(17)</b>
<b>Financing activities</b>		
Proceeds from short-term bank borrowings	4,103	164
Repayment of short-term bank borrowings	(1,500)	–
Interest paid	(14)	(69)
Lease interest paid	(109)	–
Principal elements of lease payments	(1,615)	–
Proceed from shares issued upon placing	–	60,043
<b>Net cash generated from financing activities</b>	<b>865</b>	<b>60,138</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(24,033)</b>	<b>59,645</b>
Cash and cash equivalents at beginning of the period	52,284	42,375
<b>Cash and cash equivalents at the end of the period</b>	<b>28,251</b>	<b>102,020</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 2019 (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 2019.

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 2019.



## 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 2019, 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 2019, as described in the Company's annual report for the year ended 31 March 2019. 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 16 'Leases'

The Group is a lessee of its office, staff quarter and warehouse. The Group has changed its accounting policies for leases with effect from 1 April 2019 as a result of adopting the new lease accounting standard HKFRS 16. The Group has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2019. The adoption of HKFRS 16 has resulted in an approximately HK\$0.2 million decrease in the opening balance of total equity on 1 April 2019.

#### New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

#### Lessee accounting

The Group has lease contracts for office, staff quarter and warehouse. As a lessee, the Group previously classified leases as operating leases. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognize right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognizes the lease payments associated with those leases as an expense on a straight line basis over the lease term.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 'Leases' *(Continued)*

##### **Lessee accounting** *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 'Leases' *(Continued)*

##### Impacts on transition

(a) *Reconciliation from lease commitments to lease liabilities*

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020.

Set out below is a reconciliation of the operating lease commitments disclosed at 31 March 2019 to lease liabilities recognised on 1 April 2019:

	1 April 2019 HK\$'000
Operating lease commitments at 31 March 2019	7,642
Less: commitments relating to leases exempt from capitalisation: — short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(449)
	7,193
Less: total future interest expenses	(255)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	6,938

(b) *Opening consolidated statement of financial position on 1 April 2019*

The Group has initially applied HKFRS 16 with effect from 1 April 2019. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities on 1 April 2019 was 3.63%.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 'Leases' *(Continued)*

##### Impacts on transition *(Continued)*

(b) *Opening consolidated statement of financial position on 1 April 2019 (Continued)*

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 HK\$'000 (audited)	Effect on adoption of HKFRS 16 HK\$'000 (unaudited)	Carrying amount at 1 April 2019, as adjusted HK\$'000 (unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	–	6,700	6,700
<b>Non-current assets</b>	<b>60,542</b>	<b>6,700</b>	<b>67,242</b>
<b>Total assets</b>	<b>180,456</b>	<b>6,700</b>	<b>187,156</b>
<b>Total equity</b>	<b>170,822</b>	<b>(238)</b>	<b>170,584</b>
Lease liabilities (non-current)	–	3,675	3,675
<b>Non-current liabilities</b>	<b>250</b>	<b>3,675</b>	<b>3,925</b>
Lease liabilities (current)	–	3,263	3,263
<b>Current liabilities</b>	<b>9,384</b>	<b>3,263</b>	<b>12,647</b>
<b>Total liabilities</b>	<b>9,634</b>	<b>6,938</b>	<b>16,572</b>
<b>Total equity and liabilities</b>	<b>180,456</b>	<b>6,700</b>	<b>187,156</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES *(Continued)*

#### HKFRS 16 'Leases' *(Continued)*

#### Effect on adoption of HKFRS 16

*Consolidated statement of comprehensive income for the six months ended 30 September 2019*

	For the six months ended 30 September 2019		
	As presented under accounting policies pre 1 April 2019 HK\$'000	Effect on adoption of HKFRS 16 HK\$'000	As presented under accounting policies from 1 April 2019 HK\$'000
Finance result for the six months ended 30 September 2019 impacted by the adoption of HKFRS 16:			
General and administrative expenses	(16,615)	116	(16,499)
Operating (loss)	(47,341)	116	(47,225)
Finance costs	(10)	(109)	(119)
Loss before income tax	(47,351)	7	(47,344)
Loss and total comprehensive loss for the period attributable to owners of the Company	(47,481)	7	(47,474)

## 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:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Revenue		
Sales of goods	<b>132,746</b>	132,203

Revenue from external customers is analysed by region as follows:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Europe	<b>88,014</b>	46,361
America	<b>37,008</b>	70,906
Middle East	<b>5,515</b>	2,453
Asia Pacific	<b>2,209</b>	12,483
	<b>132,746</b>	132,203

## 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	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	28,995	10,721
Customer B	27,290	29,497
Customer C	16,233	—

### 5 EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold	120,295	106,495
Sales commission	1,523	1,253
Incentive fee	146	500
Depreciation of property, plant and equipment	299	147
Depreciation of right-of-use assets	1,608	—
Operating lease rentals in respect of		
— office	—	1,681
— staff quarter	396	380
— car park	103	128
— warehouse	300	—
Auditors' remuneration	600	575
Employee benefit expenses (Note 7)	9,607	10,491
Entertainment and travelling expenses	349	336
Share options granted to suppliers of good or services	1,792	6,545
Other expenses	5,642	5,003
Total cost of sales, selling expenses and general and administrative expenses	142,660	133,534

## NOTES TO THE FINANCIAL STATEMENTS

### 6 OTHER GAINS/(LOSSES), NET

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Losses on sales of equity securities	(34,309)	—
Fair value losses on equity securities	(3,510)	—
Dividend income from equity securities	268	—
Other gains	240	—
	(37,311)	—

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

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	6,955	7,138
Share options granted to directors and employees	2,477	3,149
Pension costs — defined contribution plans	175	204
	9,607	10,491



## NOTES TO THE FINANCIAL STATEMENTS

### 8 SHARE-BASED PAYMENTS

On 15 August 2019, a total of 52,821,000 share options were granted under the share option scheme of the Company (the “Share Option Scheme”) with no vesting period. The respective exercise price of the share options granted is HK\$0.476 per share (32,591,000 share options) and HK\$0.50 (20,230,000 share options).

<b>Name</b>	<b>Position held/relationship with the Company</b>	<b>Number of share options granted</b>
Ms. Jiang Xinrong (“Ms. Jiang”)	Executive Director	10,115,000
Mr. Yu Xiu Yang (“Mr. Yu”)	Executive Director	11,238,000
Mr. Li Ren (“Mr. Li”)	Non-executive Director	11,238,000
External consultants	Suppliers of good or services	20,230,000

The above exercise price is not lower than the highest of (i) the closing price of HK\$0.46 per share as quoted in the Stock Exchange’s daily quotation sheet on the grant date; and (ii) the average closing price of HK\$0.476 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 2019, there was no exercise, lapse or cancellation of share options (six months ended 30 September 2018: nil).

As at 30 September 2019, the share options outstanding having an exercise price of HK\$0.482 will expire on 27 October 2027, the share options outstanding having an exercise price of HK\$0.425 will expire on 27 April 2028 and the share options outstanding having an exercise price of HK\$0.476 and HK\$0.5 will expire on 15 August 2022.

## NOTES TO THE FINANCIAL STATEMENTS

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

During the six months ended 30 September 2019, share-based payment expense in relation to share options granted to (i) directors and employees and (ii) suppliers of good or services were HK\$2,477,000 and HK\$1,792,000 (six months ended 30 September 2018: HK\$3,149,000 and HK\$6,545,000) 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 2019 were derived from Binomial option pricing model by applying the following bases and assumptions:

	Share options granted to	
	Ms. Jiang, Mr. Yu and Mr. Li	External consultants
Grant date	15/8/2019	15/8/2019
Number of options granted	32,591,000	20,230,000
Option life (Note (i))	3 years	3 years
Risk-free rate (Note (ii))	1.402%	1.402%
Volatility (Note (iii))	30.57%	30.57%
Dividend yield	0%	0%
Fair value per share option at grant date	HK\$0.0760	HK\$0.0886
Total fair value for each batch	HK\$2,477,000	HK\$1,792,000

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 consultants 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

### 8 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 2019 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 2019 determined using the Binomial option pricing model was HK\$0.081 per share option (six months ended 30 September 2018: HK\$0.162).

The outstanding share options as at 30 September 2019 had a weighted average remaining contractual life of 6.48 years (31 March 2019: 8.88 years).

At 30 September 2019, the Company had 152,821,000 (31 March 2019: 100,000,000) share options outstanding under the Share Options Scheme, which represented approximately 13.6% (31 March 2019: 8.9%) 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.

### 9 FINANCE COST, NET

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	(14)	(69)
Interest on lease liabilities	(109)	–
Bank interest income	4	3
	(119)	(66)

## NOTES TO THE FINANCIAL STATEMENTS

### 10 INCOME TAX EXPENSE

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

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
— Hong Kong	130	1,874
Total	130	1,874

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. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

### 11 DIVIDENDS

The Board did not recommend any payment of an interim dividend for the six months ended 30 September 2019 and 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 12 LOSS PER SHARE

#### (a) Basic

Basic loss per share is calculated by dividing the loss 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 2019 (unaudited)	2018 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	(47,474)	(3,271)
Weighted average number of ordinary Shares in issue ('000)	1,123,800	1,082,533
Basic loss per Share (HK cents per Share)	(4.22)	(0.30)

#### (b) Diluted

For the six months ended 30 September 2019 and 2018, diluted loss per share were equal to the basic loss per share as there were no potential dilutive ordinary Shares outstanding during the respective periods. The effect of the exercise of share options was not included in the calculation of diluted loss per share as they are anti-dilutive during the six months ended 30 September 2019.

### 13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group purchased property, plant and equipment of approximately HK\$389,000 (six months ended 30 September 2018: HK\$17,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 14 TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trade and bills receivables	68,829	10,982
Prepaid incentive fee (Note (a))	439	585
Advance payment of sales commission	–	607
Payment in advance to suppliers	2,936	12,976
Refundable deposit in relation to an acquisition (Note (b))	21,000	21,000
Rental deposits	1,955	1,955
Loan receivable	8,000	–
Prepayments	661	338
Other receivables	484	258
<b>Total trade and bills receivables, deposits and other receivables</b>	<b>104,304</b>	48,701
Less: Non-current portion		
Long-term portion of prepaid incentive fee	(146)	(292)
Long-term portion of rental deposits	(1,823)	(1,823)
	<b>102,335</b>	46,586

Notes:

- (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 2019, the Group recognised HK\$439,000 (31 March 2019: HK\$585,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position and an incentive fee of HK\$146,000 (six months ended 30 September 2018: HK\$500,000) has been charged to the consolidated statement of comprehensive income during the six months ended 30 September 2019.

- (b) On 6 March 2019, the Group entered into an agreement with a related party to acquire the entire issued share capital of two target companies at a consideration of HK\$42,000,000. A refundable deposit of HK\$21,000,000 was paid by the Group upon the signing of the agreement. Subsequent to the period end, the acquisition was completed on 11 November 2019.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 14 TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

*(Continued)*

The Group's sales are with credit terms of up to 90 days (31 March 2019: 150 days). The ageing analysis of trade and bills receivables, based on due date, is as follows:

	<b>As at 30 September 2019 HK\$'000 (unaudited)</b>	As at 31 March 2019 HK\$'000 (audited)
Current	<b>51,266</b>	6,341
1 to 30 days	<b>12,211</b>	2,376
31 to 60 days	<b>4,987</b>	1,338
61 to 90 days	<b>32</b>	47
Over 90 days	<b>333</b>	880
Past due but not impaired	<b>17,563</b>	4,641
Total trade and bills receivables	<b>68,829</b>	10,982

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 2019 and 31 March 2019, no trade and bills receivables were impaired.



## NOTES TO THE FINANCIAL STATEMENTS

### 15 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>Non-current portion</b>		
Equity securities	17,385	57,038
	<b>17,385</b>	57,038
<b>Current portion</b>		
Equity securities	20,908	17,753
	<b>20,908</b>	17,753

Financial assets at fair value through profit or loss comprise as at 30 September 2019:

- Equity securities of HK\$17,385,000 (31 March 2019: HK\$57,038,000) which are held for long-term investment.
- Equity securities of HK\$20,908,000 (31 March 2019: HK\$17,753,000) which are held for trading.

The fair value of financial assets at fair value through profit or loss are at level 1 of the financial value hierarchy.

### 16 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$ (unaudited)
<b>Authorised share capital</b>		
As at 31 March 2019 and 30 September 2019	10,000,000,000	100,000,000
<b>Issued and fully paid</b>		
As at 31 March 2019 and 30 September 2019	1,123,800,000	11,238,000

## NOTES TO THE FINANCIAL STATEMENTS

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

	<b>As at 30 September 2019 HK\$'000 (unaudited)</b>	As at 31 March 2019 HK\$'000 (audited)
Trade and bills payables	<b>39,934</b>	2,006
Contract liabilities	<b>2,268</b>	1,856
Provision for reinstatement cost	<b>250</b>	250
Accrued employee benefits expenses	<b>898</b>	564
Other accruals and payables	<b>1,650</b>	3,458
	<b>45,000</b>	8,134
Less: Non-current portion		
Provision for reinstatement cost	<b>(250)</b>	(250)
	<b>44,750</b>	7,884

#### 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 2019 HK\$'000 (unaudited)</b>	As at 31 March 2019 HK\$'000 (audited)
Current	<b>17,673</b>	1,683
1 to 30 days	<b>12,900</b>	21
31 to 60 days	<b>1,339</b>	215
61 to 90 days	<b>7,715</b>	87
Over 90 days	<b>307</b>	–
Total trade and bills payables	<b>39,934</b>	2,006

## NOTES TO THE FINANCIAL STATEMENTS

### 18 BANK BORROWINGS

At 30 September 2019, the bank borrowings were repayable within 1 year with the average interest rate per annum at 3.76% (31 March 2019: 2.93%). 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 US\$ (31 March 2019: HK\$) and approximated their fair values.

### 19 COMMITMENTS

The Group leases its office, staff quarter and warehouse 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 2019 HK\$'000 (unaudited)</b>	As at 31 March 2019 HK\$'000 (audited)
No later than 1 year	<b>3,570</b>	3,900
Later than 1 year and no later than 5 years	<b>2,015</b>	3,742
	<b>5,585</b>	7,642

The Group did not have any material capital commitments as at 30 September and 31 March 2019.

On 6 March 2019, the Group entered into an agreement with a related party to acquire the entire issued share capital of two target companies at a consideration of HK\$42,000,000. A refundable deposit of HK\$21,000,000 was paid by the Group upon the signing of the agreement. Upon the completion of the acquisition, the Group will be committed to pay the remaining consideration of HK\$21,000,000. Subsequent to the period end, the acquisition was completed on 11 November 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 20 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 2018 and 2019.

#### (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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Salaries, bonus and other short-term employee benefits	3,707	3,640
Share-based payment expenses	2,477	1,575
Pension costs — defined contribution plans	46	60
	<b>6,230</b>	5,275

### 21 CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September and 31 March 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group engages in sales of apparel products with the provision of supply chain management total solutions to customers.

For the six months ended 30 September 2019, the Group recorded an increase in revenue of approximately 0.4% and a decrease in gross profit margin of approximately 9.5% as compared with that for the six months ended 30 September 2018. The Group recorded an increase in loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 September 2019 by approximately HK\$44.2 million compared to that for the six months ended 30 September 2018. The increase in the loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 September 2019 was mainly attributable to losses on sales of financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$34.3 million and a decline of approximately 9.5% of the gross profit margin of the Group for the six months ended 30 September 2019 as compared to same period last year due to lower sales due to difficult trading environments in certain markets. The Group recorded losses on sales of financial assets at FVTPL of approximately HK\$34.3 million and fair value losses on financial assets at FVTPL of approximately HK\$3.5 million due to negative returns from investments on securities for the six months ended 30 September 2019.

Despite maintaining a similar level of revenues to the same period last year, the Group recorded a drop in gross profit margin compared to the same period last year due to: (1) losses in market share in America reflecting the Group's difficult trading environment resulting from the increases in tariffs associated with the ongoing trade war between America and China. This has resulted in certain customer's diversifying away from some product categories that required high levels of design and complexity which generate relatively higher margin; (2) adopting more competitive pricing strategy so as to attract new customers and diversify into more sources of revenues from Europe; and (3) further diversifying sourcing from China to South East Asia due to the increase in tariffs from the US China trade wars which lowered margins.

On 27 September 2017, the Shares were listed on the Main Board of the Stock Exchange by way of transfer of listing from GEM to the Main Board of the Stock Exchange (the "Transfer of Listing"). The Transfer of Listing did not involve the issue of any new Shares. The Board believes that the Transfer of Listing will improve the liquidity of the Shares and enhance the profile of the Group. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased to approximately HK\$132.7 million for the six months ended 30 September 2019 from approximately HK\$132.2 million for the six months ended 30 September 2018, representing an increase of approximately 0.4%. Although the Group was able to maintain similar revenues compared to the same period as last year, the proportion of revenues from Americas has decreased due to the increases in tariffs from the US China trade wars.

### 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 increased to approximately HK\$122.6 million for the six months ended 30 September 2019 from approximately HK\$109.6 million for the six months ended 30 September 2018, representing an increase of approximately 11.9%. The Group's cost of sales increased due to diversification of production sources away from China which were more costly due to the increases in tariffs from the US China trade wars.

### Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$10.1 million for the six months ended 30 September 2019 from approximately HK\$22.6 million for the six months ended 30 September 2018, representing a decrease of approximately 55.3%. The Group's gross profit margin decreased by approximately 9.5% from six months ended 30 September 2018 to approximately 7.6% for the six months ended 30 September 2019. In order to maintain and seek for chances of expansion for the Group's market share, 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 2019. In addition, with the loss of significant high margin sales to customers in the Americas due to the increases in tariffs from the US China trade wars as well as diversification away from China production, the Group's gross profit margins suffered 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 increased to approximately HK\$3.5 million for the six months ended 30 September 2019 from approximately HK\$3.4 million for the six months ended 30 September 2018, representing an increase of approximately 2.9%. The slight increase in the Group's selling expenses was mainly attributable to increases 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 decreased to approximately HK\$16.5 million for the six months ended 30 September 2019 from approximately HK\$20.6 million for six months ended 30 September 2018, representing a decrease of approximately 19.9%. Such decrease was mainly due to a lower non-cash expenses for share based payment of approximately HK\$4.3 million for the six months ended 30 September 2019 compared to HK\$9.7 million for the six months ended 30 September 2018.

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

Loss and total comprehensive loss attributable to owners of the Company increased to approximately HK\$47.5 million for the six months ended 30 September 2019 from approximately HK\$3.3 million for the six months ended 30 September 2018, representing an increase of approximately HK\$44.2 million. Such increase reflects the significant tough economic and trading environment which resulted in loss in sales from customers in America, one-off legal and professional fee incurred related to the acquisition of two subsidiaries which has been completed on 11 November 2019, non-recurring losses on sales of securities investments and non-cash share based payment expenses incurred during the six months ended 30 September 2019. The loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 September 2019 after adjusting for aforesaid one-off expenses was approximately HK\$8.4 million.

### LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2019, the Group mainly financed its operations with its own working capital and net proceeds from placing completed on 1 June 2018. As at 30 September 2019 and 31 March 2019, the Group had net current assets of approximately HK\$103.7 million and HK\$110.5 million respectively, including cash and bank balances of approximately HK\$28.3 million and HK\$52.3 million respectively. The Group's current ratio decreased from approximately 12.8 as at 31 March 2019 to approximately 3.0 as at 30 September 2019. Such decrease was mainly attributable to the increase in current liabilities during the six months ended 30 September 2019.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the period. The Group's gearing ratio increased from approximately 0.06 times as at 31 March 2019 to approximately 0.43 times as at 30 September 2019 which was mainly attributable to an increase in total debts and decrease in total equity during the six months ended 30 September 2019.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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, staff quarter and warehouse. The Group's operating lease commitments amounted to approximately HK\$5.6 million and HK\$7.6 million as at 30 September 2019 and 31 March 2019 respectively. As at 30 September 2019, the Group did not have any significant capital commitments (31 March 2019: nil).

## CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 16 to the Interim Financial Information of the Group.

## SIGNIFICANT INVESTMENTS

As at 30 September 2019, the Group's financial assets at FVTPL, with market value of approximately HK\$38.3 million (31 March 2019: HK\$74.8 million). The Board considers that the investments with market value as at 30 September 2019 accounting for more than 5% of the Group's total assets as at 30 September 2019 as significant investments.

For the six months ended 30 September 2019, the Group recognized net unrealised loss on financial assets at FVTPL of approximately HK\$3.5 million (six months ended 30 September 2018: nil) and net realised loss on financial assets at FVTPL of approximately HK\$34.3 million (six months ended 30 September 2018: nil).

Details of the significant financial assets at FVTPL as at 30 September 2019 were set out as follows:

Name of securities	As at 30 September 2019						For the six months ended		As at
	Investment cost HK\$'000	Approximate percentage of shareholding interest	Number of shares held '000	Fair value HK\$'000	Approximate percentage to the total assets of the Group	Approximate percentage to the total financial assets at FVTPL	Unrealised gain HK\$'000	Realised gain/(loss) HK\$'000	31 March 2019 Fair value HK\$'000
Cool Link (Holdings) Limited ("CLH")	20,071	2.12%	12,700	23,241	12.8%	60.7%	3,170	-	-

## MANAGEMENT DISCUSSION AND ANALYSIS

CLH is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in the provision of food supplies business. For the six months ended 30 September 2019, no dividend has been received from CLH.

The Group adopts prudent and pragmatic investment strategies over its significant investment to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to the investee's financial performance, prospect, dividend policy and associated risk of the investment were considered for investment decisions. Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

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

During the six months ended 30 September 2019, save for the proposed acquisition as set out in the paragraph headed "Future plans for material investments and capital assets" in this interim report, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Reference is made to the Company's announcements dated 6 March 2019, 7 August 2019, 9 September 2019 and 11 November 2019 and the circular of the Company dated 16 August 2019 regarding the proposed acquisition (the "Acquisition") of a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO; and a corporation holding a money lender's licence, at the consideration of HK\$42 million. The Acquisition constitutes a discloseable transaction and connected transaction of the Company and is subject to the reporting, announcement and (in respect of the requirements of connected transaction only) independent shareholder's approval requirements under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Acquisition has been completed on 11 November 2019.

Save as those disclosed in this interim report and above, the Group currently has no other plan for material investments and capital assets as of 30 September 2019.

### CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2019 and 31 March 2019.

# 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 2019, 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 2019, the Group did not pledge any of its assets (31 March 2019: nil) as securities for any facilities granted to the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019 and 2018, the Group employed a total of 26 and 28 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 2019 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$9.6 million and HK\$10.5 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. The Group also provides on-the-job training to employees.

## SUBSEQUENT EVENTS

Please refer to the paragraph headed "Future plans for material investments and capital assets" in this interim report for subsequent events after 30 September 2019.

## FUTURE PROSPECTS

The Group continues to provide excellent supply chain management total solutions to its customers and faces an increasingly uncertain future. The macro economic uncertainties arising from headwinds in global trade from increases in US trade tariffs, as well as increases in retailers entering administration and downward pressures on the global stock markets creates a very difficult trading environment.

Given the challenging economic outlook, the continuing rise in costs associated with geo-political pressures uncertainties due to US China trade war and Brexit, maintaining the Group's margins will be challenging in the short to medium term. With the announced Acquisition and equity investment, it will allow the Group to diversify its sources of income particularly from a geographic perspective. The Hong Kong financial industry shows good prospects and significant growth potential. The Group looks forward to the potential and new business opportunity after the completion of the Acquisition.

Overall, the Group expects the global business environment to remain challenging in the coming year due to economic and political uncertainty which will create continued pressure to the Group's sales and gross profit margins. Nevertheless, with the new diversification strategy, the Group should have the financial and operational capability to handle these challenges going forward.

## OTHER INFORMATION

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

As at 30 September 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO"), as 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 the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

#### Long positions

Name of Director(s)	Capacity/nature of interest	Number of Shares	Total	Approximate percentage of interest in the Company (Note 1)
Mr. Cheung Lui ("Mr. Cheung")	Interest of controlled corporation/ Corporate interest	356,876,000 (Note 2)	366,876,000	32.65%
	Beneficial owner/Personal interest	10,000,000 (Note 3)		
Ms. Jiang Xinrong ("Ms. Jiang")	Interest of controlled corporation/ Corporate interest	191,518,000 (Note 4)	233,853,000	20.81%
	Interest of spouse/Family interest	32,220,000 (Note 4)		
	Beneficial owner/Personal interest	10,115,000 (Note 4)		
Mr. Yu Xiu Yang ("Mr. Yu")	Beneficial owner/ Personal interest	11,238,000 (Note 5)	11,238,000	1.00%
Mr. Li Ren ("Mr. Li")	Beneficial owner/ Personal interest	113,392,000 (Note 6)	113,392,000	10.09%
Ms. Luk Huen Ling Claire ("Ms. Luk")	Beneficial owner/ Personal interest	10,000,000 (Note 3)	10,000,000	0.89%

## OTHER INFORMATION

### Notes:

1. Based on the total number of issued Shares as at 30 September 2019.
2. These 356,876,000 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 356,876,000 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 and Ms. Luk pursuant to the share option scheme of the Company.
4. As at 30 September 2019, Ms. Jiang was interested in 233,853,000 Shares. Based on the disclosure of interest notice filed by Ms. Jiang on 15 August 2019, 191,518,000 of which were held by: (i) DA Equity Partners Limited was interested in 87,578,000 Shares; (ii) DA Equity Partners Limited is a company wholly owned by Rapid Raise Investments Limited, which is in turn wholly owned by DL Global Holdings Limited; (iii) DL Global Holdings Limited was owned as to 36.60% by Ms. Jiang; (iv) Rapid Raise Investments Limited was interested in 103,940,000 Shares; and (v) DA Capital Management Limited, a wholly owned company of Mr. Chen Ningdi ("Mr. Chen"), being the spouse of Ms. Jiang, was interested in 32,220,000 Shares. Accordingly, Ms. Jiang was deemed to be interested in an aggregate of 223,738,000 Shares in which DA Equity Partners Limited, Rapid Raise Investments Limited and Mr. Chen are interested by virtue of the SFO.

Together with share options pursuant to the share option scheme of the Company held by Ms. Jiang to subscribe for 10,115,000 Shares, Ms. Jiang was interested in an aggregate of 233,853,000 Shares.

5. These 11,238,000 Shares represented the share options granted to Mr. Yu pursuant to the share option scheme of the Company. Mr. Yu has resigned as executive Director with effect from 19 November 2019.
6. The information above and herein was disclosed based on the disclosure of interest notice filed by Mr. Li on 15 August 2019. These 113,392,000 Shares represented 102,154,000 Shares held by Mr. Li and share options pursuant to the share option scheme of the Company held by Mr. Li to subscribe 11,238,000 Shares.

Save as disclosed above, as at 30 September 2019, 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

So far as the Directors and chief executive of the Company are aware, at 30 September 2019, the interests or short positions of the corporations which or persons who (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:

#### Long positions

Name	Capacity/nature of interest	Number of Shares	Total	Approximate percentage of interest in the Company (Note 1)
Alpha Direct	Beneficial owner/ Corporate interest	356,876,000	356,876,000	31.76%
Ms. Ngan Shui Ling Crystal	Interest of spouse/ Family interest	366,876,000 (Note 2)	366,876,000	32.65%
Mr. Chen	Interest of spouse/ Family interest	201,633,000 (Note 3)	233,853,000	20.81%
	Interest of controlled corporation/Corporate interest	32,220,000 (Note 4)		
Rapid Raise Investments Limited	Beneficial owner/ Corporate interest	103,940,000 (Note 5)	191,518,000	17.04%
	Interest of controlled corporation/Corporate interest	87,578,000 (Note 5)		
DL Global Holdings Limited	Interest of controlled corporation/Corporate interest	191,518,000 (Note 5)	191,518,000	17.04%

Notes:

- Based on the total number of issued Shares as at 30 September 2019.
- Ms. Ngan Shui Ling Crystal is the spouse of Mr. Cheung. By virtue of the SFO, she was deemed to be interested in all the Shares held by Mr. Cheung.
- Mr. Chen is the spouse of Ms. Jiang. By virtue of the SFO, he was deemed to be interested in all the Shares held by Ms. Jiang.
- The information above and herein was disclosed based on the disclosure of interest notice filed by Mr. Chen on 15 August 2019, which was the latest disclosure of interest notice filed by Mr. Chen as at 30 September 2019. 32,220,000 Shares, were held by DA Capital Management Limited, a wholly owned company of Mr. Chen and therefore was deemed to be interested in the Shares held by that company pursuant to the SFO.
- Please refer to note 4 to the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares, and debentures" in this interim report for details.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2019, 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 of the Company (“Shareholders”) and enhance the business growth of the Group.

During the six months ended 30 September 2019, 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 2019, 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.



## OTHER INFORMATION

### 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. 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 2019.

### SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders 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 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.

During the six months ended 30 September 2019, the Company granted 52,821,000 share options under the Share Option Scheme. As at 30 September 2019, the Company had 152,821,000 share options (31 March 2019: 100,000,000) 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 2019 are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2019	Exercise price per share	Share price prior to the grant of share options	Exercise period
<b>Directors</b>										
Mr. Cheung	27 October 2017	10,000,000	-	-	-	-	10,000,000	HK\$0.482	HK\$0.47	27 October 2017 to 27 October 2027
Ms. Jiang	15 August 2019	-	10,115,000	-	-	-	10,115,000	HK\$0.476	HK\$0.46	15 August 2019 to 15 August 2022
Mr. Yu (Note 1)	15 August 2019	-	11,238,000	-	-	-	11,238,000	HK\$0.476	HK\$0.46	15 August 2019 to 15 August 2022
Mr. Li	15 August 2019	-	11,238,000	-	-	-	11,238,000	HK\$0.476	HK\$0.46	15 August 2019 to 15 August 2022
Ms. Luk	27 April 2018	10,000,000	-	-	-	-	10,000,000	HK\$0.425	HK\$0.42	27 April 2018 to 27 April 2028
Sub-total		20,000,000	32,591,000	-	-	-	52,591,000			
<hr style="border-top: 1px dashed #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
	27 April 2018	10,000,000	-	-	-	-	10,000,000	HK\$0.425	HK\$0.42	27 April 2018 to 27 April 2028
Suppliers of goods or services	27 October 2017	10,000,000	-	-	-	-	10,000,000	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
	15 August 2019	-	20,230,000	-	-	-	20,230,000	HK\$0.50	HK\$0.46	15 August 2019 to 15 August 2022
Other participant(s)	27 October 2017	10,000,000	-	-	-	-	10,000,000	HK\$0.482	HK\$0.47	27 October 2017 to 27 October 2027
<hr style="border-top: 1px solid #000;"/>										
Total		100,000,000	52,821,000	-	-	-	152,821,000			

Note:

- Mr. Yu was an executive Director until his resignation with effect from 19 November 2019.

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

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the six months ended 30 September 2019.

## OTHER INFORMATION

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

During the six months ended 30 September 2019, 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.

### USE OF PROCEEDS

In June 2018, the Company raised net proceeds of approximately HK\$58.6 million from the placing of 123,800,000 Shares under the general mandate of the Company. For details, please refer to the announcements of the Company dated 16 May 2018, 23 May 2018 and 1 June 2018.

Reference is made to the announcement of the Company dated 6 March 2019 regarding the change of intended use of unutilised net proceeds from the placing in the amount of HK\$50 million for suitable acquisition and equity investment opportunities, including but not limited to the investment in the target companies in relation to the Acquisition as well as general working capital of the Group.

Up to 30 September 2019, the net proceeds had been applied as follows:

<b>Intended use of the net proceeds</b>	<b>Original allocation (HK\$ million)</b>	<b>Revised allocation (HK\$ million)</b>	<b>Utilised net proceeds as at 30 September 2019 (HK\$ million)</b>
Sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products	25	–	–
Enhancement of supply chain management efficiency and capacity, and expansion of sales network	25	–	–
General working capital	8.6	16.1	16.1
Pursuing suitable acquisition and equity investment opportunities	–	42.5	42.5
<b>Total</b>	<b>58.6</b>	<b>58.6</b>	<b>58.6</b>

## 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 2019.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the six months ended 30 September 2019 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 Company's prospectus dated 29 September 2015 ("Prospectus"), has been fully complied and enforced for the six months ended 30 September 2019. 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 2019. 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 2018/2019 annual report of the Company are set out below:

Directors	Details of changes
Mr. Chang Eric Jackson	<p>Resigned as company secretary, chief financial officer and authorised representative of China Tangshang Holdings Limited, whose shares are listed on the Stock Exchange, with effect from 1 August 2019;</p> <p>Resigned as company secretary of Pa Shun International Holdings Limited, whose shares are listed on the Stock Exchange, with effect from 13 August 2019; and</p> <p>Appointed as independent non-executive director of Centenary United Holdings Limited, whose shares are listed on the Stock Exchange, with effect from 16 September 2019</p>
Mr. Yu Xiu Yang	Resigned as executive Director with effect from 11 November 2019

## 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 2019, the Audit Committee consisted of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), 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, 25 November 2019

As at the date of this report, the executive Directors are Mr. Cheung Lui and Ms. Jiang Xinrong, the non-executive Directors are Ms. Chin Ying Ying and Mr. Li Ren; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire.