Season Pacific Holdings Limited
雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1709)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board (the "Board") of Directors (the "Directors") of Season Pacific Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2018 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

		For the year ended 31 March	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**279,382**	206,219
Cost of sales	*4*	**(224,798)**	(152,296)
Gross profit		**54,584**	53,923
Selling expenses	*4*	**(7,369)**	(5,669)
General and administrative expenses	*4*	**(26,462)**	(17,692)
Operating profit		**20,753**	30,562
Finance income		**1**	–
Finance costs		**(48)**	(61)
Finance costs, net		**(47)**	(61)
Profit before income tax		**20,706**	30,501
Income tax expense	*6*	**(5,018)**	(5,358)
Profit and total comprehensive income for the year attributable to owners of the Company		**15,688**	25,143
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	*8*	**1.57**	2.51

* *For identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

		As at 31 March	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**808**	1,078
Deferred income tax asset		**256**	241
Prepayments and deposits	*10*	**3,777**	4,713
		4,841	6,032
Current assets			
Trade and bills receivables, prepayments and deposits	*10*	**68,479**	50,861
Cash and cash equivalents		**42,375**	34,016
		110,854	84,877
Total assets		**115,695**	90,909
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*11*	**10,000**	10,000
Other reserves		**15,163**	9,820
Retained earnings		**57,240**	41,552
Total equity		**82,403**	61,372
Non-current liability			
Provision for reinstatement cost	*12*	**250**	250
Current liabilities			
Trade, bills and other payables	*12*	**22,872**	26,147
Bank borrowings	*13*	**8,336**	1,488
Current income tax liabilities		**1,834**	1,652
		33,042	29,287
Total liabilities		**33,292**	29,537
Total equity and liabilities		**115,695**	90,909

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	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*
Balance at 1 April 2016	10,000	9,810	–	10	16,409	36,229
Total comprehensive income						
Profit for the year ended 31 March 2017	–	–	–	–	25,143	25,143
Balance at 31 March 2017 and 1 April 2017	**10,000**	**9,810**	**–**	**10**	**41,552**	**61,372**
Total comprehensive income						
Profit for the year ended 31 March 2018	**–**	**–**	**–**	**–**	**15,688**	**15,688**
Transactions with owners in their capacity as owners						
Share-base payments	**–**	**–**	**5,343**	**–**	**–**	**5,343**
Balance at 31 March 2018	**10,000**	**9,810**	**5,343**	**10**	**57,240**	**82,403**

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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 and its subsidiaries are 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.

The transfer of the listing of the shares of the Company from the GEM to the Main Board of The Stock Exchange of Hong Kong Limited was completed on 27 September 2017 ("Transfer of Listing").

These financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) The following new standards/amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

Standards	**Subject of amendment**
HKAS 7 (Amendments)	Statement of Cash Flows — Disclosure
HKAS 12 (Amendments)	Income Taxes — Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements Project	Annual improvements 2014–2016 Cycle

The adoption of these new amendments to standards did not have any significant impact to the results and financial position of the Group.

(b) The following new standards/amendments to standards have been issued, but are not effective for the Group's accounting period beginning on 1 April 2017 and have not been early adopted.

HKAS 28 (Amendments)	Investments in Associates and Joint Ventures[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transaction[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 (Amendments) and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatment[2]
Annual Improvements Project	Annual Improvement 2014–2016 Cycle[1]

Notes:

1. Effective for the annual periods beginning on or after 1 January 2018
2. Effective for the annual periods beginning on or after 1 January 2019
3. To be determined
4. Effective for the annual periods beginning on or after 1 January 2021

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.

Based on an analysis of the Group's financial instruments as at 31 March 2018, all of the Group's financial assets and financial liabilities were carried at amortised cost, which would likely continue to be measured on the same basis under HKFRS 9. As a result, the management does not expect the adoption of HKFRS 9 to have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

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 management does not expect that the application of HKFRS 9 would result in a significant impact on the Group's impairment provisions and the application of HKFRS 9 would not have a material impact on the Group's financial position and results of operations. The Group does not intend to adopt HKFRS 9 before its mandatory date.

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 management has performed a preliminary assessment and expect that the application of HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations based on the current business model. Meanwhile, there will be additional disclosure requirements under HKFRS 15 upon its adoption.

HKFRS 16, 'Leases'

The Group is a lessee of its office and staff quarter which are currently classified as operating leases.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statements of financial position. In consolidated income statements, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straightline depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

As at 31 March 2018, the Group had aggregate minimum lease payments, which are not reflected in the consolidated statements of financial position, under non-cancellable operating lease amounting to HK$10,508,000. A preliminary assessment indicates that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

Apart from the effects as outlined above, the management does not expect that the application of HKFRS 16 would have a material impact on the Group's financial position and results of operations. The new standard is not expected to be applied by the Group until the financial year ending 31 March 2020.

Other than those analysed above, the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

3 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 year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**279,382**	206,219
Total	**279,382**	206,219

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
America	**112,055**	115,712
Europe	**81,790**	32,983
Asia Pacific	**44,570**	18,115
Middle East	**40,967**	38,571
Africa	**–**	838
	279,382	206,219

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

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Customer A	**37,732**	16,344
Customer B	**33,444**	20,500
Customer C	**32,470**	–
Customer D	**32,145**	38,111
Customer E	**30,299**	33,392

4 EXPENSES BY NATURE

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Cost of goods sold	**217,806**	145,402
Sales commission	**2,591**	2,046
Incentive fee *(Note 10)*	**1,000**	1,000
Depreciation of property, plant and equipment *(Note 9)*	**347**	434
Operating lease rentals in respect of		
— office	**3,290**	3,262
— staff quarter	**754**	758
— car park	**246**	236
Auditors' remuneration		
— Audit services	**1,150**	1,100
— Non-audit services in relation to Transfer of Listing	**280**	–
Employee benefit expenses *(Note 5)*	**19,212**	14,184
Entertainment and travelling expenses	**1,218**	1,093
Professional fee in relation to Transfer of Listing	**1,834**	–
Share options granted to an external consultant	**950**	–
Other expenses	**7,951**	6,142
Total cost of sales, selling expenses and general and administrative expenses	**258,629**	175,657

5 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Salaries, bonus and other short-term employee benefits	**14,412**	13,725
Share options granted to employees	**4,393**	–
(Reversal of)/provision for unutilised annual leave	**(32)**	11
Pension costs — defined contribution plans	**439**	448
	19,212	14,184

6 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current Income tax		
— Hong Kong	**5,030**	5,337
— The People's Republic of China ("PRC")	**3**	–
	5,033	5,337
Deferred tax		
— Hong Kong	**(15)**	21
Total	**5,018**	5,358

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Corporate income tax of the PRC has been provided at the preferential rate of 10% (2017: 10%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

7 DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 March 2018 and 2017.

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the years.

	For the year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**15,688**	25,143
Weighted average number of ordinary shares in issue	**1,000,000,000**	1,000,000,000
Basic earnings per share (HK cents per share)	**1.57**	2.51

(b) Diluted

Diluted earnings per share for the years ended 31 March 2018 and 2017 are equal to their respective basic earnings per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 March 2018 and 2017.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Computer equipment *HK$'000*	Fitting and furniture *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Year ended 31 March 2017						
Opening net book value	–	26	243	4	681	954
Additions	–	20	10	228	300	558
Depreciation	–	(16)	(179)	(33)	(206)	(434)
Closing net book value	–	30	74	199	775	1,078
At 31 March 2017						
Cost	2,826	84	870	234	1,030	5,044
Accumulated depreciation	(2,826)	(54)	(796)	(35)	(255)	(3,966)
Net book value	–	30	74	199	775	1,078
Year ended 31 March 2018						
Opening net book value	**–**	**30**	**74**	**199**	**775**	**1,078**
Additions	**–**	**32**	**45**	**–**	**–**	**77**
Depreciation	**–**	**(20)**	**(74)**	**(47)**	**(206)**	**(347)**
Closing net book value	**–**	**42**	**45**	**152**	**569**	**808**
At 31 March 2018						
Cost	**2,826**	**116**	**915**	**234**	**1,030**	**5,121**
Accumulated depreciation	**(2,826)**	**(74)**	**(870)**	**(82)**	**(461)**	**(4,313)**
Net book value	**–**	**42**	**45**	**152**	**569**	**808**

Depreciation expenses of HK$347,000 (2017: HK$434,000) have been charged to the general and administrative expenses for the year ended 31 March 2018.

10 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Gross trade receivables	**33,061**	35,336
Gross bills receivables	**9,336**	2,926
Trade and bills receivables, net of provision	**42,397**	38,262
Prepaid incentive fee *(Note (a))*	**2,954**	3,954
Advance payment of sales commission	**1,356**	2,565
Payment in advance to suppliers	**22,728**	7,674
Rental deposits	**1,948**	1,884
Prepayments	**382**	436
Other receivables	**491**	799
Total trade and bills receivables, prepayments and deposits	**72,256**	55,574
Less: Non-current portion		
Long-term portion of prepaid incentive fee	**(1,954)**	(2,954)
Long-term portion of rental deposits	**(1,823)**	(1,759)
	68,479	50,861

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 31 March 2018, the Group recognised HK$2,954,000 (2017: HK$3,954,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position and an incentive fee of HK$1,000,000 (2017: HK$1,000,000) has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2018.

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

The Group's sales are on letter of credit or credit insurance or with credit terms of up to 90 days. At 31 March 2018 and 2017, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Up to 30 days	**13,380**	19,781
31 to 60 days	**10,599**	810
61 to 90 days	**7,688**	13,257
Over 90 days	**10,730**	4,414
	42,397	38,262

The ageing analysis of trade and bills receivables, net of provision, based on due date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current	**23,389**	16,364
1 to 30 days	**5,842**	10,970
31 to 60 days	**2,651**	10,457
61 to 90 days	**987**	431
Over 90 days	**9,528**	40
Past due but not impaired	**19,008**	21,898
Total trade and bills receivables, net of provision	**42,397**	38,262

As at 31 March 2018, trade and bills receivables of HK$19,008,000 (2017: HK$21,898,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

As at 31 March 2018 and 2017, no trade and bills receivables were impaired.

The other classes within trade and bills receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the trade and bills receivables, prepayments and deposits are denominated in the following currencies:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
United States dollar ("US$")	**45,078**	30,914
HK$	**25,810**	20,176
Euro dollar ("EUR")	**1,335**	4,484
Renminbi ("RMB")	**33**	–
	72,256	55,574

11 SHARE CAPITAL

	Number of ordinary shares	**Nominal value of ordinary shares**
		HK$
Authorised share capital		
As at 31 March 2017 and 31 March 2018	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2017 and 31 March 2018	1,000,000,000	10,000,000

12 PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade and bills payables	**16,026**	15,106
Receipts in advance from customers	**4,244**	7,595
Provision for reinstatement cost	**250**	250
Accrued employee benefits expenses	**612**	670
Other payables	**1,990**	2,776
	23,122	26,397
Less: Non-current portion		
Provision for reinstatement cost	**(250)**	(250)
	22,872	26,147

The carrying amounts of trade, bills and other payables approximate their fair values and are denominated in the following currencies:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
US$	**16,214**	16,262
HK$	**1,692**	1,620
EUR	**81**	–
RMB	**29**	–
	18,016	17,882

Trade and bills payables

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

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current	**10,119**	9,872
1 to 30 days	**632**	3,168
31 to 60 days	**4,125**	1,069
61 to 90 days	**731**	456
Over 90 days	**419**	541
Total trade and bills payables	**16,026**	15,106

13 BANK BORROWINGS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current bank borrowings	**8,336**	1,488

At 31 March 2018, the bank borrowings were repayable within 1 year with the average interest rate per annum ranging from 2.29% to 2.74% (2017: 1.94% 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.

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 year ended 31 March 2018, the Group recorded increases in revenue of approximately 35.5% and gross profit of approximately 1.3% and recorded a decrease in profit and total comprehensive income attributable to owners of the Company of approximately 37.5% as compared with that for the year ended 31 March 2017. Despite the continued challenges in the global business environment, the Group was able to expand its market share by offering competitive pricing to secure new customers and maintain a growth in revenue. The Group is also pleased to present the significant increase in revenue in Europe and Asia Pacific regions by approximately 148% and 146% respectively. In particular, one of the subsidiaries of the Company entered into sales contracts with one of the world's largest fashion retailers. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such customer, headquartered in Spain, owns eight brands, including some of the most internationally popular and successful high street brands and has a total number of more than 7,000 retail stores throughout the world. Having built the business relationship with this customer, the Group demonstrated its strong abilities to solicit new customers such as international top fashion chain. In relation to the America region, the revenue slightly decreased as compared to that of the year ended 31 March 2017. For the year ended 31 March 2018, the Group recorded a decrease in gross profit margin which was mainly attributable to its strategy to offer competitive pricing in return for the expansion of market share. The decrease in profit and total comprehensive income attributable to owners of the Company by approximately 37.5% was mainly attributable to the share-based payment expenses of approximately HK$5.3 million and the expenses relating to the transfer of listing of approximately HK$2.1 million.

On 7 October 2015 (the "Listing Date"), the shares of the Company (the "Share(s)") were listed on GEM of The Stock Exchange of Hong Kong (the "Stock Exchange") by placing (the "Placing"). After deducting all the relevant commission and expenses borne by the Company, there were approximately HK$5.1 million of net proceeds from the Placing. During the period from the Listing Date to 31 March 2018, approximately HK$4.5 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 September 2015 in relation to the Placing (the "Prospectus"). Further details are set out in the paragraph headed "USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS" in this announcement.

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.

FINANCIAL REVIEW

Revenue

Under the Group's strategy to diversify its customer base by growing its business with new customers, capturing greater market share as well as sustaining its existing business, the Group's revenue increased to approximately HK$279.4 million for the year ended 31 March 2018 from approximately HK$206.2 million for the year ended 31 March 2017, representing an increase of approximately 35.5%. Although the Group recorded a slight decrease of revenue in the American market during the year ended 31 March 2018, it was able to make a significant growth in sales to the European and Asia Pacific markets compared with those of the year ended 31 March 2017. The Group's sales to its top five customers accounted for approximately 59.4% of the total revenue for the year ended 31 March 2018, with the Group's sales to its largest customer accounting for approximately 13.5% of the total revenue for the year ended 31 March 2018.

In particular, there was a significant increase in sales to European customers which included amongst others, sales to one of the world's largest fashion retailers headquartered in Spain, (the "New Customer"). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the New Customer has owned eight brands, including some of the most internationally popular and successful high street brands and has a total number of more than 7,000 retail stores throughout the world. The Group has continued to solidify its reputation for high quality products and demonstrated its strong abilities to solicit new customers such as international top fashion chain.

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$224.8 million for the year ended 31 March 2018 from approximately HK$152.3 million for the year ended 31 March 2017, representing an increase of approximately 47.6%. The increase of the Group's cost of sales was higher than its sales growth during the year ended 31 March 2018 because of its strategy to expand its market share by offering competitive pricing to secure new customers.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$54.6 million for the year ended 31 March 2018 from approximately HK$53.9 million for the year ended 31 March 2017, representing an increase of approximately 1.3%. The Group's gross profit margin decreased to approximately 19.5% for the year ended 31 March 2018 from approximately 26.1% for the year ended 31 March 2017. The Group offered competitive pricing for greater portion of its sales in order to further expand its market share, which diluted the effect of sales with higher gross profit margin.

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$7.4 million for the year ended 31 March 2018 from approximately HK$5.7 million for the year ended 31 March 2017, representing an increase of approximately 29.8%. The increase in the Group's selling expenses was mainly attributable to increase in the sales commission, salary of selling staff and freight cost.

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$26.5 million for the year ended 31 March 2018 from approximately HK$17.7 million for the year ended 31 March 2017, representing an increase of approximately 49.7%. Such significant increase was mainly due to Transfer of Listing expenses and share-based payment expenses arisen from the grant of share options pursuant to the share option scheme of the Company during the year ended 31 March 2018.

Finance costs

For the year ended 31 March 2018, the Group had bank borrowings with average interest rate per annum ranging from 2.29% to 2.74%, while the Group had bank borrowings with average interest rate per annum ranging from 1.94% to 2.74% for the year ended 31 March 2017.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased to approximately HK$15.7 million for the year ended 31 March 2018 from approximately HK$25.1 million for the year ended 31 March 2017, representing a decrease of approximately 37.5%. The decrease in profit and total comprehensive income attributable to owners of the Company was mainly due to the share-based payment expenses arisen from the grant of share options pursuant to the share option scheme of the Company during the year ended 31 March 2018 and relevant expenses of Transfer of Listing.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2018, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2018 and 2017, the Group had net current assets of approximately HK$77.8 million and HK$55.6 million respectively, including cash and bank balances of approximately HK$42.4 million and HK$34.0 million respectively. The Group's current ratio slightly increased from approximately 2.9 as at 31 March 2017 to approximately 3.4 as at 31 March 2018. Such increase was mainly because of the increase of sales and the average balance of trade and bills receivables during the year ended 31 March 2018.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The Group's gearing ratio slightly changed from approximately 0.48 times as at 31 March 2017 to approximately 0.40 times as at 31 March 2018.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, 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$10.5 million and HK$4.5 million as at 31 March 2018 and 2017 respectively. As at 31 March 2018, the Group did not have any significant capital commitments (31 March 2017: nil).

CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in note 11 to the consolidated financial statements in this announcement.

SIGNIFICANT INVESTMENTS

As at 31 March 2018 and 2017, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 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 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 31 March 2018 and 2017.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to HK$, RMB and EUR. As at 31 March 2018 and 2017, foreign exchange risk on financial assets and liabilities denominated in EUR and RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in US$, 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 31 March 2018, the Group did not pledge any of its assets (31 March 2017: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018 and 2017, the Group employed a total of 33 and 36 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2018 and 2017, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$19.2 million and HK$14.2 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to those employees in accordance with their performance.

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

The Shares have been listed on GEM on 7 October 2015. The actual net proceeds from the Placing, after deducting commission and expenses borne by the Company in connection with the Placing, 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 Placing 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 31 March 2018.

Business strategies and business objectives as set out in the Prospectus	**Adjusted allocation of the Actual Net Proceeds**	**Actual use of the Actual Net Proceeds**
	For the period up to 31 March 2018	
	HK$'000	*HK$'000*
Expand the geographical coverage of the Group's customers *(Note)*	1,587	1,587
Expand the geographical base of the Group's third-party manufacturers	729	622
Further develop the Group's design and development capabilities	1,121	1,080
Expand the Group's product types to further cater to customers' needs	876	876
General working capital	330	330
Total	4,643	4,495

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 Placing.

Up to 31 March 2018, there were slight delays in the actual use of the Actual Net Proceeds compared to the adjusted allocation of the Actual Net Proceeds in the expansion of the geographical base of the Group's third-party manufacturers of approximately HK$107,000 and further development of the Group's design and development capabilities of approximately HK$41,000. These expansion and further development plans were associated with the increase in headcount. However, as the Group was unable to locate suitable employees during the process, it had resulted in the delays in the actual use of the Actual Net Proceeds as aforementioned.

Save as disclosed above, the Company is of the view that the Group's actual business progress is consistent with the business objectives of the Group as set out in the Prospectus.

SUBSEQUENT EVENTS

Reference is made to the announcement of the Company dated 27 April 2018, the Group has granted a total of 60,000,000 share options under the share option scheme of the Company. The exercise price of the share options granted is HK$0.425 per Share.

Among the share options granted, a total of 20,000,000 share options were granted to the Directors and chief executive of the Company, details of which are set out below:

Name	Position held with the Company	Number of share options granted
Mr. Chak Ka Wai	Chief Financial Officer, Company Secretary and Executive Director	10,000,000
Ms. Luk Huen Ling Claire	Independent non-executive Director	10,000,000
		20,000,000

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) in respect of the placement of up to 123,800,000 Shares ("Placing Shares") at a placing price of HK$0.485 per Placing Share to not less than six placees.

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. The principal use of net proceeds from the placing amounted to approximately HK$58.6 million is shown as below:

(i) approximately 42.7% of the total net proceeds for sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products;

(ii) approximately 42.7% of the total net proceeds for the enhancement of supply chain management efficiency and capacity, and expansion of sales network; and,

(iii) approximately 14.6% of the total net proceeds for general working capital purpose.

FUTURE PROSPECTS

The Group continues to provide excellent supply chain management total solutions to its customers. The Group's professional and experienced teams, with the ability to be flexible and sensitive to the needs of customers, expect continuing sales contracts with one of the world's largest fashion retailers headquartered in Spain. The Group expects the business with the New Customer and the relationship will open the door to many other opportunities with this customer with over 7,000 stores throughout the world.

Given the challenging economic outlook, the continuing rise in costs associated with geo-political pressures arising from the potential trade wars and tariffs from America, maintaining the Group's rate of growth will be challenging. The Group believes that by offering competitive pricing, together with strong relationship management and a comprehensive range of supply chain management total solutions, it can continue to capture market share by providing value added service to customers in whatever region they are based.

Overall, the Group expects the global business environment to remain challenging in the coming year due to economic and political uncertainty which will create certain pressure to the Group's sales and gross profit margins. Nevertheless, the Group has the financial and operational capability to handle these challenges and to grow organically to become a leading total supply chain management company in Hong Kong with full vertical value propositions to its customers from the factory to the consumer.

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.

During the year ended 31 March 2018, the Company granted 40,000,000 share options under the Share Option Scheme. Please refer to the Company's announcement dated 27 October 2017 for further information. As at 31 March 2018, the Company had 40,000,000 share options (31 March 2017: Nil) outstanding under the Share Option Scheme.

For share options granted under the Share Option Scheme subsequent to the year ended 31 March 2018, please refer to the paragraph headed "Subsequent events" in this announcement.

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

For the year ended 31 March 2018, the Company or any of its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). 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 (the "Shareholders") and enhance the business growth of the Group.

Save as disclosed below, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2018.

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 year ended 31 March 2018, Mr. Cheung Lui 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 conductive 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 Lui 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 year ended 31 March 2018.

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 year ended 31 March 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2018 and up to the date of this announcement, 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 year ended 31 March 2018. The Company further confirms that the deed of non-competition dated 25 September 2015 and given by Mr. Cheung Lui and Alpha Direct Investments Limited, details of which were set out in the Prospectus, has been fully complied and enforced for the year ended 31 March 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.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2018.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group also maintains effective communication and develops a long-term trust relationship with the suppliers. During the year ended 31 March 2018, there was no material dispute or disagreement between the Group and the suppliers.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2018 and 2017.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 22 June 2015.

AUDIT COMMITTEE

The terms of reference of the audit committee of the Company (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.

As at the date of this announcement, the Audit Committee consists of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Choi Sheung Jeffrey and Ms. Luk Huen Ling Claire, 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 announcement, including the audited consolidated results of the Group for the year ended 31 March 2018.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

By order of the Board
Season Pacific Holdings Limited
Cheung Lui
Chairman, Chief Executive Officer & Executive Director

Hong Kong, 29 June 2018

As at the date of this announcement, the executive Directors are Mr. Cheung Lui, Mr. Chak Ka Wai 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.