SG GROUP HOLDINGS LIMITED
樺欣控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 8442

ANNUAL REPORT 2018

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EXECUTIVE DIRECTORS
Mr. Choi King Ting, Charles
(Chairman and chief executive officer)
Mr. Choi Ching Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

COMPANY SECRETARY
Mr. Siu Yee Ping
(Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants)

AUTHORISED REPRESENTATIVES
Mr. Choi King Ting, Charles
Mr. Siu Yee Ping

COMPLIANCE OFFICER
Mr. Choi King Ting, Charles

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

REMUNERATION COMMITTEE
Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

NOMINATION COMMITTEE
Mr. Choi King Ting, Charles (Chairman)
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

COMPLIANCE ADVISER
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GEM STOCK CODE
8442

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of SG Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 30 April 2018 (the "Year") to you.

FINANCIAL PERFORMANCE

The Group recorded a revenue of approximately HK$192.5 million for the Year, representing an increase of approximately 16.1% as compared to the revenue of approximately HK$165.8 million for the year ended 30 April 2017. Such an increase in the Group's revenue was mainly due to the sales generated from new customers and the increase in quantity of sales orders of the Group's largest customer, which recorded an increase in sales of approximately HK$22.5 million. The Group's profit and total comprehensive income increased from approximately HK$6.2 million for the year ended 30 April 2017 to approximately HK$24.2 million for the Year, which was mainly due to an absence of non-recurring listing expenses by approximately HK$11.2 million and a decrease in the recognition of foreign exchange losses of HK$3.6 million as a result of the depreciation of Great British Pound ("GBP") during the Year.

PROSPECTS

Looking forward, the Group will continue to focus on its core business, in particular, online fashion sales, and better utilise its competitive strength and available resources, especially factory audit, to suit customers' needs and their demand for high standards of design specifications and requirements. With the solid quality assurance experience and the newly setup of a subsidiary in the People's Republic of China (the "PRC"), the Group will better provide sourcing services and seek for opportunities to provide fabric supply chain solution to the approved suppliers for manufacturing, which in turns enhance the growth in our revenue and gross profit. By establishing the online showroom, the Group expects to capture the fast growing trend in the United States of America (the "U.S.") online fashion markets in order to obtain opportunity to develop further and increase sales in the future so as to strengthen its competitiveness and customer base whilst maximising return for the shareholders of the Company (the "Shareholders").

NOTE OF APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication. I would also like to express my deep gratitude to all of our business partners, customers, suppliers and the Shareholders for their continuous support.

SG Group Holdings Limited
Choi King Ting, Charles
Chairman

Hong Kong, 28 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an apparel designing and sourcing service provider for branded fashion retailers. The revenue for the Year was derived from the supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

Supply of apparel products to online fashion retailers and fashion retailers

The Group's revenue increased by 16.7% to approximately HK$189.6 million for the Year from approximately HK$162.5 million for the year ended 30 April 2017, representing an increase in revenue of approximately HK$27.1 million. Such increases were mainly due to the sales generated from new customers and the increase in quantity of sales orders from existing customers. To cope with the challenging global business environment, while the Group continuously provides customised comprehensive services through efficient comprehensive apparel designing and sourcing services from design to delivery processes to the customers within a short lead time, it also enhances business exposure and performance by expanding showrooms to secure existing customers and maintaining a growth in revenue.

Consultation services

The Group engaged its business in the provision of consultation services which generated profit of approximately HK$1.9 million during the Year as compared to a profit of approximately HK$2.5 million during the year ended 30 April 2017, representing a decrease of approximately 23.0%. Such a decrease was mainly due to lower service fee charged in relation to less comprehensive scope of services requested by customers during the Year. This segment mainly includes providing consultation services to apparel and footwear manufacturers by assisting them to comply with the corporate social responsibility standards requirements, providing fashion trend forecast analysis as well as design specification and introducing potential customers to them.

On 21 March 2017 (the "Listing Date"), the ordinary shares of the Company (the "Shares") were successfully listed on GEM by way of public offer and placing (the "Share Offer"). After deducting all the relevant commission and expenses borne by the Company, there are approximately HK$44.4 million of actual net proceeds from the Share Offer. The Group would utilise such net proceeds in accordance with the business strategies as set out in the Company's prospectus dated 28 February 2017 (the "Prospectus"). Further details are set out in the section headed "Use of Proceeds" in this annual report.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 16.1% to approximately HK$192.5 million for the Year from approximately HK$165.8 million for the year ended 30 April 2017. Such an increase in the Group's revenue was mainly due to the sales generated from new customers and the increase in quantity of sales orders of the Group's largest customer, which recorded an increase in sales of approximately HK$22.5 million.

Cost of sales and services

The Group's cost of sales and services primarily consists of cost of goods sold and services provided and other direct costs. The cost of sales and services increased by 12.9% to approximately HK$142.3 million for the Year as compared to HK$126.0 million for the year ended 30 April 2017. The cost of sales and services increased along with the growth in revenue for the Year.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$50.3 million for the Year from approximately HK$39.8 million for the year ended 30 April 2017, representing an increase of approximately 26.2%. The Group's gross profit margin was approximately 26.1% for the Year and approximately 24.0% for the year ended 30 April 2017. The increase in gross profit margin was mainly due to the provision of fabric supply chain solutions which enabled the Group to get a better price from approved suppliers of apparel products during the Year.

Other gains and losses, net

The Group recorded other losses of approximately HK$1.7 million for the Year, comprising net foreign exchange losses of approximately HK$0.4 million and irrecoverable trade receivables of approximately HK$1.2 million, as compared to other losses of approximately HK$4.3 million for the year ended 30 April 2017, representing a decrease of approximately 61.3%. Such a decrease was mainly due to change in invoicing currency of sales from GBP to United States dollar ("US$") which had minimized the foreign exchange rate risk from fluctuation of GBP.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK$9.7 million for the Year from approximately HK$7.5 million for the year ended 30 April 2017, representing an increase of approximately 29.9%. The increase in the Group's selling and distribution expenses was mainly due to the increase in freight expenses and staff salaries which were in line with the increase in revenue for the Year.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment expenses, travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses increased to approximately HK$9.8 million for the Year from approximately HK$6.0 million for the year ended 30 April 2017, representing an increase of approximately 62.2%. Such an increase was mainly due to the increase in professional fees for compliance purpose after listing and general office expenses in a subsidiary as the Group had expanded its operations in PRC since August 2017.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased to approximately HK$24.2 million for the Year from approximately HK$6.2 million for the year ended 30 April 2017, representing an increase of approximately 289.7%. Such an increase was mainly attributable to the absence of listing expense and the decrease in foreign exchange losses as compared to the year ended 30 April 2017.

Basic earnings per Share

The Company's basic earnings per Share for the Year was approximately HK$0.74 (30 April 2017: HK$0.25), representing an increase of approximately HK$0.49, or approximately 196.0%, which was in line with the increase in profit attributable to owners of the Company for the Year, as compared to that for the year ended 30 April 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group mainly financed its operations with its own working capital. As at 30 April 2018 and 2017, the Group had net current assets of approximately HK$91.0 million and HK$67.8 million, respectively, which include cash and bank balances of approximately HK$62.7 million and HK$59.0 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) decreased from approximately 6.9 as at 30 April 2017 to approximately 4.7 as at 30 April 2018. Such a decrease was mainly because the Group made a large proportion of purchase near the end of the reporting period resulted in an increase in trade payables as at 30 April 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 was approximately 0.004 as at 30 April 2018 (30 April 2017: 0.006).

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure to 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 relate to the leases of its office premises in Hong Kong, the PRC and the United Kingdom (the "UK"). The Group's operating lease commitments amounted to approximately HK$3.9 million and HK$0.6 million as at 30 April 2018 and 2017, respectively. The increase in operating lease commitments was mainly due to the establishment of the sourcing office in the PRC. As at 30 April 2018 and 30 April 2017, the Group did not have any significant capital commitments.

CAPITAL STRUCTURE

As at 30 April 2018 and 2017, the Company's issued share capital was HK$320,000 divided into 32,000,000 Shares of HK$0.01 each.

SIGNIFICANT INVESTMENTS

As at 30 April 2018 and 2017, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the Prospectus, the Group currently has no other plan for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 April 2018 and 2017.

FOREIGN EXCHANGE EXPOSURE

As at 30 April 2018 and 2017, the Group's exposure to currency risk primarily related to HK$ and GBP. As HK$ is pegged to the functional currency of the Group, US$, the Group does not expect significant exchange rate risk from HK$. The management of the Group strives to change invoicing currency of sales from GBP to US$ to minimise exchange rate risk from fluctuations of GBP. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

As at 30 April 2018, the Group's obligation under a finance lease was secured by the lessor's title to the leased assets, which had a carrying amount of HK$0.8 million (30 April 2017: HK$1.0 million).

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 42 and 17 as at 30 April 2018 and 2017, respectively. The Group expanded its operation in the PRC since August 2017 with 30 PRC employees as at 30 April 2018. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes and the state-sponsored retirement plan. For the years ended 30 April 2018 and 2017, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$7.0 million and HK$5.0 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 would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Group also complies with the requirements under the Company Law (2013 Revision) of the Cayman Islands, the GEM Listing Rules and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

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.

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

The Group also maintains effective communication and develops a long term trust relationship with the suppliers. During the Year, there was no material dispute or disagreement between the Group and its suppliers.

COMPARISON OF BUSINESS STRATEGICS WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress for the Year and up to the date of this report.

Business strategies as stated in the Prospectus	**Actual business progress up to the date of this report**
Further strengthening the relationships with the Group's existing customers and developing relationships with new customers	– Not yet identified a premises for setting up a flagship showroom in Hong Kong with planned budget – Online platform expects to be implemented during the year ending 30 April 2019 – Not yet identified a suitable candidate for the recruitment of a sales manager in Hong Kong with planned budget
Further strengthening the design and development capabilities of the Group to enhance its business model	– Planning to recruit additional experienced in-house designers and more external design consultants
Expanding the geographical base of the third-party suppliers and diversifying the supplier base	– Established two PRC subsidiaries as sourcing offices in the PRC
Widening product offerings of the Group	– Received the first order for knitwear apparel products in May 2017
Enhancing the Group's corporate image to attract customer attention	– Planning to participate in trade shows to be held in the UK and Europe to approach potential customers in the second and third quarters of the year ending 30 April 2019

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Shares have been successfully listed on GEM on the Listing Date. The actual net proceeds from the Share Offer, after deducting commission and expenses borne by the Company in connection with the Share Offer, were approximately HK$44.4 million (the "Actual Net Proceeds"), which were higher than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 31 October 2020 (the "Period") but with monetary adjustments to each business strategic plan on a pro-rata basis. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds as at 30 April 2018 as well as the reasons for the delay in using the Actual Net Proceeds as proposed in the Prospectus:

Business strategies as set out in the Prospectus	Adjusted allocation of the Actual Net Proceeds from the Listing Date to 31 October 2020 HK$'000	Adjusted allocation of the Actual Net Proceeds from the Listing Date to 30 April 2018 HK$'000	Actual usage of the Actual Net Proceeds as at 30 April 2018 HK$'000	Under-utilised/ (Over-utilised) Actual Net Proceeds as at 30 April 2018 HK$'000	Reason of under-utilised/ (over-utilised) the relevant Actual Net Proceeds as at 30 April 2018
Further strengthening the relationships with our existing customers and developing relationships with new customers					
• Acquiring a premises for the setting up of a flagship showroom in Hong Kong	16,351	16,351	-	16,351	Not yet identified a target with planned budget
• Decoration of the newly acquired premises in Hong Kong	3,161	3,161	-	3,161	Same as above
• Building an online platform with the assistance from external technology advisor	3,270	3,270	160	3,110	Expect to implement during the year ending 30 April 2019
• Frequently visiting our existing customers to strengthen our business relationship	1,308	436	-	436	Customers frequently visited the showroom in Hong Kong and the existing customers will be visited concurrently with participating trade shows during the year ending 30 April 2019
• Frequently participating in global sales conference to strengthen our business relationship with potential customers	1,308	436	-	436	Identified suitable fashion trade shows in second and third quarters of the year ending 30 April 2019
• Recruitment of one sales manager in Hong Kong	1,324	392	-	392	Not yet identified a suitable candidate with planned budget
• Recruitment of one sales executive in the UK	742	218	483	(265)	Extra costs incurred on identified candidate

Business strategies as set out in the Prospectus	Adjusted allocation of the Actual Net Proceeds from the Listing Date to 31 October 2020 HK$'000	Adjusted allocation of the Actual Net Proceeds from the Listing Date to 30 April 2018 HK$'000	Actual usage of the Actual Net Proceeds as at 30 April 2018 HK$'000	Under-utilised/ (Over-utilised) Actual Net Proceeds as at 30 April 2018 HK$'000	Reason of under-utilised/ (over-utilised) the relevant Actual Net Proceeds as at 30 April 2018
Further strengthening our design and development capabilities to enhance our business model	4,703	1,180	1,385	(205)	Extra costs incurred on identified candidate
Expanding the geographical base of the third-party suppliers and diversifying our supplier base	5,191	1,725	3,468	(1,743)	Extra costs incurred on establishment of PRC subsidiaries
Enhancing our corporate image to attract customer attention	2,662	800	4	796	Identified suitable fashion trade shows in second and third quarters of the year ending 30 April 2019
General working capital	4,392	2,017	1,685	332	N/A
Total	44,412	29,986	7,185	22,801	

Reference is made to the update on the use of proceeds on the Group's 2018 interim report. As at 31 October 2017, the Group has utilised approximately HK$5.1 million of the Actual Net Proceeds from the Share Offer.

FUTURE PROSPECTS

The Shares were successfully listed on GEM on the Listing Date. The Board considers that such public listing status on the Stock Exchange allows the Company to access the capital market for corporate finance exercise which assists the Company in the future business development, enhances the Group's corporate profile and recognition and strengthens the Group's competitiveness.

The Group always strives to maintain the growth in the apparel designing and sourcing service industry and enhance the competitiveness and market share. With the increasing trend of global apparel retailing and online apparel retailing, the Group can use its extensive experience and knowledge in building the market position in this industry globally by setting up and expanding physical showrooms. In recent years, the Group was benefited by the showroom in the UK, therefore it intends to acquire a premise in Hong Kong for establishing a flagship showroom. By setting up a large and better renovated showroom in Hong Kong, the Group will be able to display a full range of the apparel products and components, which can create more business opportunities and strengthen the corporate image by giving more confidence to the customers. Since the UK and Europe are the important markets, the Group will continuously expand its business in Germany, optimise the showroom in the UK to respond quickly to customers' demand and display more in-house designed collections. Apart from that, the Group plans to develop and launch an online showroom displaying the in-house designed collections and the latest trends of fashion and lifestyle by publishing pictures and videos of apparel products, features, news, articles and editorials. By establishing the online showroom, its expects to capture the fast growing trend in the U.S. online fashion markets in order to obtain opportunity to develop further and increase sales in the future.

The Group intends to recruit additional experienced in-house designers and more external consultants to strengthen the design and development capabilities as well as the consultation services in order to offer different design style of apparel products and create more in-house designed collections in the future. In addition, the Group has established two PRC subsidiaries to strengthen the Group's sourcing and quality assurance ability, and to source new suppliers for the manufacturing of apparel products. The quality assurance team will be stationed at the sourcing office to assist by continuing to explore the possibility of engaging more approved suppliers in different areas that provide products of similar quality at lower cost. Besides, the Group plans to utilise the market presence and quality apparel design and sourcing services to attract new customers in different market across the world by participating in major fashion trade shows and fairs globally so as to create a higher profile and corporate image.

Overall, the Group expects the global business environment to remain obscure in the coming year. Despite these uncertainties, the Directors remain confident that the Group has the ability to keep track with the fast growing trend of the global online apparel markets, maintain the relationship with customers and become a leading apparel designing and sourcing service provider in Hong Kong whilst maximising return for the Shareholders.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain other risks involved in the Group's current operations. In particular, the Group relies on several major customers and the Group does not enter into any long-term contracts with the customers and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end consumers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Choi King Ting, Charles (蔡敬庭) ("Mr. Charles Choi"), aged 40, is an executive Director, the chairman and chief executive officer of the Company. Mr. Charles Choi was appointed as the chairman and the chief executive officer of our Group on 15 August 2016. He is the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Charles Choi is the director of JC Fashion Group Limited, JC Fashion Group Limited (旺利多時裝集團有限公司), JC Fashion (UK) Company Limited and JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司), all of which are wholly-owned subsidiaries of the Company. He is also a director of JC Fashion International Group Limited (a company wholly-owned by Mr. Charles Choi and is the controlling shareholders of the Company). Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing. Mr. Charles Choi is primarily responsible for the overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationships and marketing. Mr. Charles Choi has more than 14 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi joined our Group in September 2011. Mr. Charles Choi worked as a general manager in JC Fashion Company Limited (旺利多有限公司) from November 2001 to December 2011.

Mr. Charles Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in November 2000. Mr. Charles Choi is also a director of the Federation of Hong Kong Garment Manufacturers, which is an organisation incorporated in 1964 to promote and protect the interests of garment manufacturers and merchants in Hong Kong.

Mr. Choi Ching Shing (蔡清丞), aged 40, is an executive Director, the head of design and development team and the elder half-brother of Mr. Charles Choi. He is also known as Mr. Benny Choi. He was appointed as a Director on 18 July 2016 and re-designated as an executive Director on 15 August 2016. He has been the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design & Consultancy Company Limited, JC Fashion Group Limited (旺利多時裝集團有限公司) and JC Fashion Group Limited, all of which are wholly-owned subsidiaries of the Company. Mr. Benny Choi is primarily responsible for the overall management, operations, reviewing of corporate directions and strategies of our Group and is responsible for determining the design and development of our apparel products. Mr. Benny Choi has more than 15 years of experience in the garment industry. Mr. Benny Choi joined our Group in November 2014. Mr. Benny Choi was employed at Wintako Company Limited as a merchandiser from December 2000 to November 2007. Mr. Benny Choi was a general manager and director of Wintako Fashion Company Limited from November 2007 to October 2014 and July 2007 to July 2016, respectively.

Mr. Benny Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in June 2001.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Kwok Hung, Alex (黎國鴻), aged 53, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the Audit and Risk Management Committee. Mr. Lai has more than 27 years of experience in auditing, accounting, corporate governance, financial advisory and management matters. Mr. Lai joined Deloitte Touche Tohmatsu from July 1989 and acted as a manager before leaving in August 1996. Mr. Lai has also held a number of senior management, financial and company secretarial positions in companies listed on the Main Board of the Stock Exchange, namely Asia Commercial Holdings Limited (stock code: 104) from April 1997 to December 2006, ITC Properties Group Limited (stock code: 199) and ITC Corporation Limited (stock code: 372) (together, the "ITC Group") from January 2007 and July 2011, respectively, until leaving the ITC Group in April 2013. Mr. Lai joined Gemini Investments (Holdings) Limited (stock code: 174), a company listed on the Main Board of the Stock Exchange, as a senior finance manager in July 2013 and has acted as an executive director and a member of its investment committee since August 2013.

Mr. Lai obtained a bachelor of arts degree in accountancy from the City University of Hong Kong in November 1993. Mr. Lai further obtained a diploma in legal studies from the University of Hong Kong in July 2002 and a master degree in professional accounting from the Hong Kong Polytechnic University in November 2004. Mr. Lai has been a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom since December 2002 and September 2000 respectively. Mr. Lai has also been an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since December 2001.

Mr. Yeung Chuen Chow, Thomas (楊存洲), aged 42, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit and Risk Management Committee. Mr. Yeung has more than 17 years of experience in the garment industry. Since September 1998, Mr. Yeung has served as a director of Wall Street Uniforms International Limited, which is a uniform supplier. Mr. Yeung has served as a director of The Federation of Hong Kong Garment Manufacturers since January 2000. Mr. Yeung is a member of the Innovation and Technology Advisory Committee of the Hong Kong Trade Development Council and the Industry and Technology Committee of the Hong Kong General Chamber of Commerce.

Mr. Yeung obtained a bachelor of science degree in business administration from the Tepper School of Business of Carnegie Mellon University in the US in May 1998.

Mr. Cüneyt Bülent Bilâloğlu, aged 43, was appointed as an independent non-executive Director on 21 February 2017. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Bilâloğlu has approximately eight years of experience in the legal industry. From February 2008 to July 2010, Mr. Bilâloğlu was a legal trainee at the judicial district of the Berlin Court of Appeal in Germany. From 1 October 2009 to 31 December 2009, Mr. Bilâloğlu was a legal trainee at the Shanghai office of King & Wood (currently known as King & Wood Mallesons), a firm which at the time of Mr. Bilâloğlu's training specialised in foreign direct investments, banking, employment, mergers and acquisition and copyright law. From August 2010 to October 2011, Mr. Bilâloğlu worked as a freelance legal consultant giving advice on various areas of law, inducing structuring a company for expansion into European and Asian markets. He joined LOBERT Partnerschaft Rechtsanwälte as a partner from September 2012 to June 2014 and became a founding partner of BBvB Dr. Alt & Böhmke Partnerschaft mbB, Rechtsanwälte in December 2014.

He obtained a diploma in jurist from Humboldt University of Berlin in Germany in March 2006. Mr. Bilâloğlu further obtained a MA in media consultancy from Technical University of Berlin in Germany in July 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Ma Yin Ha (馬燕霞), aged 49, was appointed as the merchandising and sourcing manager of our Group with effect from 1 February 2016. Ms. Ma is primarily responsible for sourcing of suppliers and the overall production management. Ms. Ma has over 26 years of experience in the merchandising field. Prior to joining our Group in January 2012, Ms. Ma served as a purchasing officer of Archid Garment Factory Ltd. from April 1990 to July 2006. Ms. Ma later joined JC Fashion Company Limited (旺多利有限公司) in October 2006 and served as an accessories purchasing manager from January 2010 to December 2011.

Ms. Ma completed her form 5 secondary school education at St. Catherine's Girls' College in July 1986.

Ms. Lau Wai Ching, Maggie (劉慧清), aged 51, was appointed as the Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of the Group. Ms. Lau has accumulated approximately 24 years of experience in accounting. Prior to joining the Group in February 2013, Ms. Lau worked as a cashier in the accounts department of Henderson Real Estate Agency Limited from February 1992 to September 1992. Ms. Lau worked as an accounts clerk in Bambi (Hong Kong) Limited from February 1993 to February 1994, in Flexico Co. Limited from March 1994 to March 2003 and in Tsuen Shing Enterprises Limited from November 2003 to November 2006. She served as a senior account clerk in Cathay Clothing International Limited from November 2006 to March 2009. She was an account clerk and shipping supervisor in Kennetex International Limited from April 2009 to August 2011 and an accounts supervisor in Yield Growth Foods Trading Co. Limited from October 2011 to February 2013.

Ms. Lau completed her form 5 secondary school education at Pak Kau English School in July 1984.

Ms. Li Li Mei (李麗美), aged 41, was appointed as the Group's administration and human resources manager with effect from 1 February 2016. Ms. Li is primarily responsible for the administration and human resources management of the Group. Ms. Li has more than 16 years of experience in the bookkeeping and administrative field. Prior to joining the Group in March 2015, Ms. Li worked as an accounts clerk in G.E. Logistics Inc. from July 1997 to August 2000 and an accounts supervisor in Deltamax Freight System Limited from September 2000 to July 2009. She served as an operation clerk in Chin Yang Enterprises Company Limited from May 2010 to September 2010, Ms. Li was an accounts clerk in Kennetex International Limited from November 2010 to February 2015.

Ms. Li obtained a diploma in international trade studies from Song Shan High School of Commerce in Taiwan in July 1995. She further obtained a diploma in international trade studies from Taipei College of Maritime Technology (formerly known as China College of Maritime Technology and Commerce) in Taiwan in June 2004.

Mr. Chau Chiu Leong (周昭亮), aged 57, was appointed as the Group's shipping manager with effect from 1 February 2016. Mr. Chau is primarily responsible for logistics management. Mr. Chau has approximately 30 years of experience in the shipping field. Prior to joining the Group in January 2012, he worked as a senior shipping clerk in The East Asiatic Company, LTD. (A/S Det Østasiatiske Kompagni) from March 1984 to June 1987. Mr. Chau served as a shipping supervisor in Odyssey Services Limited from November 1989 to July 1990 and in Queentex Garment Limited from July 1990 to January 2004. Mr. Chau was a shipping manager in Newry Limited from February 2004 to August 2004 and a shipping manager in Poscelin Company Limited from September 2004 to July 2011.

Mr. Chau obtained a diploma in management studies awarded jointly from the Hong Kong Polytechnic University and the Hong Kong Management Association in September 1997. Mr. Chau further obtained a certificate of e-logistic management for Greater China from the City University of Hong Kong in April 2003.

Mr. Yu Xu Ming (俞旭明), aged 54, was appointed as the Group's quality assurance manager with effect from 1 December 2017. Mr. Yu is primarily responsible for the overall quality control process. Mr. Yu has approximately 36 years of experience in the garment industry. Prior to joining the Group in September 2017, Mr. Yu worked as a sewing machine operator in Zhejiang Huzhou City Xiaoshi Silk Fashion Factory (浙江湖州市曉市絲綢服裝廠) from December 1981 to December 1984. Mr. Yu served as a production supervisor and sample room supervisor respectively in Hong Mu Dan Silk Fashion Company Limited (紅牡丹絲綢時裝有限公司) from December 1984 to August 1988 and December 1988 to February 1999 respectively. Besides, Mr. Yu served as a sample room supervisor in Baozi Fashion Factory (寶姿時裝廠) in March 1999 to February 2006. Mr. Yu served as a quality assurance supervisor in Dashing Fashion (Shenzhen) Company Limited (好利高時裝(深圳)有限公司) from March 2006 to May 2008, and served as a quality assurance supervisor in KC Fashion (Shenzhen) Company Limited (港絲時裝(深圳)有限公司) from June 2008 to August 2017.

Mr. Yu completed his high school course in June 1980 at Zhejiang Anjixian High School (浙江安吉曉市中學) in Zhejiang Province. Mr. Yu did not hold any directorships in any securities listed companies in or on any securities market in Hong Kong or overseas in the past three years.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Charles Choi is the chairman and chief executive officer of the Company, which constitutes a deviation from the code provision A.2.1.

Since Mr. Charles Choi has been operating and managing JC Fashion Group Limited (旺利多時裝集團有限公司), the main operating subsidiary of the Company since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and professional individuals including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

One of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 13 October 2017 as he had other engagement, which constitutes a deviation from the code provision A.6.7.

The Company complied with all code provisions in the CG Code during the year ended 30 April 2018, save for code provisions A.2.1 and A.6.7.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board will conduct at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision making.

COMPOSITION OF THE BOARD

At the date of this report, the Board comprises two executive Directors and three independent non-executive Directors, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member	Office
Mr. Choi King Ting, Charles *(Chairman)*	Executive Director
Mr. Choi Ching Shing	Executive Director
Mr. Lai Kwok Hung, Alex	Independent non-executive Director
Mr. Yeung Chuen Chow, Thomas	Independent non-executive Director
Mr. Cüneyt Bülent Bilâloğlu	Independent non-executive Director

Audit and Risk Management Committee member

Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Remuneration Committee member

Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

Nomination Committee member

Mr. Choi King Ting, Charles *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to the articles of association of the Company (the "Articles"), all Directors were appointed for an initial term of three years. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the GEM Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. Save as the fact that Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing, there is no relationship among the members of the Board.

The appointment of Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company (the "Company Secretary").

With the assistance of the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comment within a reasonable time after each meeting.

Any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the non-executive Directors and the independent non-executive Directors. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (i) regular board meetings focusing on business strategy, operational issues and financial performance; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (iv) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director’s Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Selection of candidates will be based on a range of diversity perspectives as stated in the above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises five Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

Delegation by the Board

The Board has established three committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017. The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, serving as the chairman, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

The primary responsibilities of the Audit and Risk Management Committee are to (i) oversee the Company's relationship with the external auditor; (ii) review the financial information of the Company; (iii) oversee the Company's financial reporting system, risk management and internal control systems; (iv) oversee the Company's corporate governance function; and (v) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the GEM Listing Rules.

An Audit and Risk Management Committee meeting was held on 28 June 2018 with all the members present to review and consider, inter alias, the audited financial statements of the Group for the year ended 30 April 2018 and the re-appointment of independent auditor of the Group. There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017. The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas, serving as the chairman, and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess the performance of executive Directors and approve the terms of executive Directors' service contracts.

The Remuneration Committee and the Board will review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the GEM Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee will make recommendations to the Board about the remuneration of non-executive Directors. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Details of the directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$ nil to HK$1,000,000	5

Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017. The Nomination Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi, serving as the chairman.

The Nomination Committee is responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, (ii) identifying individuals suitably qualified to become Board members, (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Director.

The Nomination Committee and the Board will review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the GEM Listing Rules.

At a Nomination Committee meeting held on 28 June 2018 with all the members present, the Nomination Committee members (i) reviewed and considered that the structure, size, diversity and composition of the Board are appropriate; (ii) assessed the independence of independent non-executive Directors; (iii) recommended the re-appointments of Directors, and (iv) recommended the aforesaid matters to the Board for approval.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Attendance of meetings

During the Year, the attendance of each member of the board meetings, general meeting and the above committee meetings are recorded as below:

	Number of meetings attended/Number of meetings held				
Name of Directors	**Board Meeting**	**Audit and Risk Management Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**General Meeting**
Executive Directors:					
Mr. Choi King Ting, Charles	4/4	N/A	1/1	1/1	1/1
Mr. Choi Ching Shing	4/4	N/A	N/A	N/A	0/1
Independent Non-Executive Directors:					
Mr. Lai Kwok Hung, Alex	4/4	4/4	N/A	N/A	0/1
Mr. Yeung Chuen Chow, Thomas	4/4	4/4	1/1	1/1	1/1
Mr. Cüneyt Bülent Bilâloğlu	4/4	4/4	1/1	1/1	1/1

During the year ended 30 April 2018, one of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 13 October 2017 as he had other engagement, which constitutes a deviation from the code provision A.6.7 of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had compiled with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the year ended 30 April 2018.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Before the Listing, each newly appointed Director received training from the legal advisor of the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memoranda, Board papers, and updates on corporate governance practices and director's responsibilities under the GEM Listing Rules, applicable laws and other relevant statutory requirements.

Up to date of this report, the current Board members participated in the following training programs:

Name of Directors	Types of training: Attending seminar, and/or meeting, and/or forum, and/or briefing	Types of training: Reading materials updating on new rules and regulations
Executive Directors		
Mr. Charles Choi	✗	✓
Mr. Choi Ching Shing	✗	✓
Independent non-executive Directors		
Mr. Lai Kwok Hung, Alex	✓	✗
Mr. Yeung Chuen Chow, Thomas	✓	✓
Mr. Cüneyt Bülent Bilâloğlu	✓	✓

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

COMPANY SECRETARY

The Company Secretary is to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under GEM Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices. Ms. Tsang Oi Yin ("Ms. Tsang") has tendered her resignation as the Company Secretary and Mr. Siu Yee Ping ("Mr. Siu") has been appointed as the Company Secretary, both with effect from 1 April 2018. Both Ms. Tsang and Mr. Siu are external service provides and their primary corporate contact person is Mr. Charles Choi, an executive Director and the chairman of the Board, for the purpose of code provision F.1.1 of the CG Code. Both Ms. Tsang and Mr. Siu has taken no less than 15 hours of relevant professional trainings to update their skills and knowledge during the year ended 30 April 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Year, the Board, through the Audit and Risk Management Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, which covered all material controls including financial, operational and compliance controls. Such annual review was done with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit and Risk Management Committee communicated any material issues to the Board.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the Year, the Group appointed Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures, as recommended by Baker Tilly, to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of Baker Tilly, as well as the comments of the Audit and Risk Management Committee, the Board considered the internal control and risk management systems are effective and adequate.

Enterprise Risk Management Framework

The Group established its enterprise risk management framework during the Year. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The Group's risk management framework follows the COSO Enterprise Risk Management—Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee that oversights risk management and internal audit functions of the Group.

Principal Risks

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

Risk Control Mechanism

The Group adopts a "three-layer" corporate governance structure with (i) operational management and controls performed by operations management, (ii) coupled with risk management monitoring carried out by the finance team, and (iii) independent internal audit outsourced to and conducted by Baker Tilly. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit and Risk Management Committee and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated at least annually by the management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced so that all risk owners have access to the risk register and are aware of those risks in their area of responsibility and they can adopt follow-up actions in an efficient manner.

The Group's risk management activities are performed by management on an ongoing basis. The Company has adopted risk management policy and procedures (the "Risk Management Policy"). The effectiveness of the Group's risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. The management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually in order to further enhance the Group's internal control and risk management systems.

Handling and Dissemination of Inside Information

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

AUDITOR'S REMUNERATION AND RESPONSIBILITIES

The Company has appointed Deloitte Touche Tohmatsu as the Auditor of the Group. For the Year, Deloitte Touche Tohmatsu received HK$1,100,000 (2017: HK$1,000,000) for audit services and HK$220,000 (2017: HK$2,310,000) for non-audit services in connection with the Group's interim review for the period ended 31 October 2017 and tax advisory services provided (2017: non-audit services in connection with the Group's Listing on GEM and tax advisory services provided) respectively. The reporting responsibilities of Deloitte Touche Tohmatsu are set out in the Independent Auditor's Reports on pages 55 to 59 of this report.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors during the Year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at *www.jcfash.com* allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 64 of the Articles, one or more shareholders of the Company holding, at the date of deposit of the requisition, no less than one-tenth of the paid-up capital of the Company and having the right of voting at general meetings may make a requisition to convene a general meeting and such meeting shall be held within two months after the deposit of such requisition If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Board of Directors
SG Group Holdings Limited
Address: Unit 104A, 1st Floor, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Telephone hotline: 2756 8980
Email address: admin@jcfash.com

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Board/Company Secretary at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 65 of the Articles:

(a) for an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' (and not less than 20 clear business days') notice in writing; and

(b) for all other extraordinary general meetings, they may be called by not less than 14 clear days' (and not less than 10 clear business days') notice in writing.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's address abovementioned and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

The Company adopted an amended and restated memorandum and articles of association (the "Amended and Restated M&A") on 21 February 2017 and the Amended and Restated M&A took effect on the date on which the Shares are listed on GEM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY AND SCOPE OF REPORT

The Board of Directors of the Group is pleased to present the Environmental, Social and Governance Report (the "Report") for the year ended 30 April 2018 (the "Reporting Year"). The Report is prepared based on the Environmental, Social and Governance Reporting Guide stated on Appendix 20 of the GEM Listing Rules of the Stock Exchange. The Report summarises principal businesses of the Group in Hong Kong and the Mainland China.

The Group strives to foster sustainable development and undertake corporate responsibility. Therefore, while the Group actively develops and seeks opportunities, it also takes into consideration factors including environment, society and ethics so as to ensure the Group can achieve a balance between business development, social demand and environmental impacts. The Group also values major concerns of our stakeholders (including but not limited to customers, investors, shareholders, suppliers, employees and other organisations), aiming to maximise profits for shareholders while protecting interests of our stakeholders. The Group will maintain close communications with stakeholders on topics regarding environment and society as well as solutions to identify potential issues on sustainable development and to satisfy expectations and demands from various stakeholders.

In addition to enhancing our values of sustainable development, policies and core competency, the Group endeavors to provide quality services and maintain close contacts with customers, which enables the Group to gain a better understanding of their needs and preferences for us to offer customised value-added services. In the course of preparing the Report, the Group conducted thorough review and assessment towards our existing environmental and social policies the aim of achieving better performance in aspects of environment, social, corporate governance and operation in the future.

In order to achieve sustainable development, the Group has adopted the following strategies:

1. achieving environmental sustainability;

2. respecting human rights and community culture;

3. maintaining communications with stakeholders;

4. supporting employees and providing a friendly working environment;

5. sustaining local community development;

6. strengthening our commitment to customers.

The Report was approved by the board of directors on 28 June 2018.

FEEDBACK AND OPINION

The Group's continuous improvement depends on your valued opinions about the content and form of this Report. You are welcome to submit any advice or comment on the Environmental, Social and Governance Report of the Group by sending emails to our Group (admin@jcfash.com).

ON STAKEHOLDERS

The Group seeks every opportunity and endeavours to understand and engage our stakeholders so that we can strive to improve our product offerings and services of the Group. The Group strongly believes that our stakeholders play a crucial role in the continual success of our business operations.

Stakeholders	Possible incidental issues	Communication and response
Stock Exchange	Compliance with the Listing Rules, publishing of announcements in a timely and accurate manner	Meetings, trainings, seminars, programmes, updating of website and announcements
Governments	Compliance with laws and regulations, social welfare and prevention of tax evasion	Interactions and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, supply stability	On-site research
Investors	Corporate governance system, business strategies and performance, investment return	Holding and participation of conferences, visits and interviews, general meetings, provision of financial reports or business updates for investors, press and analysts
Media	Corporate governance, environmental protection and human rights	Posting of communications on the company website
Customers	Product/service quality, fair and reasonable pricing, value of service, protection for the labour force and work safety	Site visits and after-sale services
Employees	Rights and benefits, employee salaries, training and development, working hours, working environment	Conducting team activities, training, interviews, issue of staff manual and internal memorandum
Community	Environmental, employment and community development, social welfare	Organising community activities, employees volunteering activities and community welfare, sponsorship and donations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

Overview

The Group acts as a supplier for apparel designing, sourcing services for branded fashion retailers and provides consultation services. Since the Group' business is not directly involved in textile manufacturing, existing and potential impact from the Group's principal business on the environment is insignificant. The Group recognises the importance of environmental protection to the long term success of the Group. Therefore, the Group's objective is to minimise the adverse effect to environment by applying various environmental protection measures to our operating activities. The Group has established an internal culture to encourage all of our staff to participate in energy conservation and environmental protection with a view to achieving energy conservation and emission reduction during our daily operations in order to ensure a balance between sustainable corporate development and environmental protection.

Compliance and Penalties

The Group has been in compliance with the laws and regulations that have a significant impact on it in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including but not limited to the Environmental Protection Law of the People's Republic of China and Regulation on Urban Drainage and Sewage Treatment of the People's Republic of China in Mainland China as well as the Air Pollution Control Ordinance and Waste Disposal Ordinance in Hong Kong.

The Group was not aware of any non-compliance or penalties in respect of environmental laws and regulations during the Reporting Year.

Emissions

Currently, the Group does not have any related policies on air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. However, the Group's business is not directly involved in textile manufacturing, therefore we have limited production of hazardous waste and waste water during our daily operations. We continue to strive to minimise the amount of non-hazardous waste produced from our daily operations.

As the Group has one electric car that does not utilise fuel which directly produces air pollutants, its emissions are relatively low. There is no substantial air pollutant emission in the ordinary course of operation. Therefore, no data was recorded in relation to air pollutants arising from fuel consumption or water pollutants during the reporting year.

In respect of greenhouse gas emissions, the emissions directly attributable to businesses owned or controlled by the Group are relatively low. Indirect greenhouse gas emissions caused by the Group are primarily attributable to purchased electricity and business trips. The Group's purchased electricity leads to indirect greenhouse gas emissions in the course of electricity generation by the power company. In addition, as the Group considers the United Kingdom and Europe its major markets, employees would have to travel by air to provide customers with design and consultancy services, resulting in indirect greenhouse gas emissions due to aircraft fuel consumption. Statistics in respect of consumption of purchased electricity and greenhouse gas emissions arising from air travel in the course of operation during the Reporting Year are set out below:

Scope of greenhouse gas emission	Source of greenhouse gas emission	Carbon emission (tonne carbon dioxide equivalent)	Carbon emission density
Scope 1 Direct emission	N/A	N/A	N/A
Scope 2 Indirect emission	Purchased electricity	67.05[1]	2.28492[2]
Scope 3 Other indirect emission	Air travel	9.20	0.00001[3]
		76.25	2.28

The Group promotes electricity preservation among employees to reduce electricity consumption and indirect greenhouse gas emissions. Electricity consumption mainly arises from daily operation of office for the on-going operation of air-conditioning system, lighting system, and electronic equipment in the office, etc. With a view to reducing electricity consumption, electronic equipment with lower electricity consumption is preferred during procurement; average room temperature shall be maintained within a required range; lighting equipment and electronic appliances are switched off during lunch hour and after work to reduce the electricity consumption by air-conditioning equipment. Furthermore, the Group is committed to decreasing the number of business trips. When dealing with simple enquiries from foreign customers, we prefer to provide design and consultancy services through video conference so as to lower the number of air travels.

The Group produces minimal harmful waste in its daily operation. Thus, no data was recorded in relation to harmful waste during the reporting year. Furthermore, harmless waste produced by the Group mainly includes ordinary office waste, such as used stationery and paper. The Group advocates conservation and environmental protection and promotes recycling of reuseable items. It reminds employees to reduce harmless waste arising from daily work and avoid paper use by delivering digital file through e-mail. The Group adopts electronic communication software as its principal channel of contact during daily operation. All internal notice is issued through e-mail instead of printing. The Group also implements double-sided printing to utilise resources more efficiently. We opt for refillable types of office stationery as far as possible and avoid straight replacement of stationery items.

1 Purchased electricity comprised the Group's office premises in Hong Kong and Shenzhen. However, the data for the electricity charges of one of the units in Hong Kong was not available due to its inclusion into the management fee.

2 Carbon emission density was calculated in terms of tonnes of carbon dioxide equivalent per square meter. The area concerned included the office premises in Hong Kong and Shenzhen that could provide electricity data.

3 Carbon emission density was calculated in terms of tonnes of carbon dioxide equivalent per total amount of products sold or delivered.

Statistics in respect of office waste paper generated in the course of operation during the Reporting Year set out below:

For the year ended 30 April 2018	
Total volume (in kg)	325.00
Intensity of non-hazardous waste (kg/m^2 area[4])	1.23

USE OF RESOURCES

The Group's business operations do not require much resources and our office staff only consume a limited amount of electricity and water. Currently, the Group does not have related written policies on effective utilisation of resources. This report discloses how we achieve better utilisation of resources during our operations by employing multiple measures to reduce consumption of resources in our office. We plan to formulate and disclose related written policies in coming reports.

Statistics in respect of the consumption of purchased electricity in the course of our operation during the Reporting Year set out below:

For the year ended 30 April 2018	
Electricity consumption[5] (in kWh)	80,453.51
Electricity consumption intensity (kWh/m^2 area[6])	2,649.47
Electricity consumption intensity (kWh/no. of staff)	1,962.28

We had not experienced any issue when sourcing suitable water. The current water supply is sufficient to meet our daily operation needs. Our water usage during usual course of operation was mainly for the daily consumption of office. For conservation of water resource, the Group urges its office staff to save water and make sure water taps are properly turned off and to avoid unnecessary waste of drinking water. Water consumption of each unit for the Reporting Year is set out below:

For the year ended 30 April 2018	
Water consumption (in m^3)	566.60
Intensity (m^3/m^2 area)	20.25

In respect of packaging materials, as the Group's businesses do not involve direct weaving, manufacturing and packaging, packaging materials generated in the ordinary course of operation are limited. Therefore, no relevant data is recorded during the Reporting Year.

4 The area includes all office locations in Hong Kong and Shenzhen.

5 Purchased electricity includes all office locations in Hong Kong and Shenzhen, except for the electricity cost of one unit in Hong Kong which is included in management fee and for which no relevant data is available.

6 The area includes office locations in Hong Kong and Shenzhen with electricity data available.

Environment and Natural Resources

The Group has always been committed to the principle of environment and natural resources protection in the course of operations, by undertaking not to cause significant effect to the environment and over-consumption of natural resources. The Group's environmental protection approach focuses on (i) recycling of reusable materials; (ii) reducing utilisation of non-reusable materials; and (iii) disposal of materials that are no longer reusable.

SOCIETY

The Group builds close and trustworthy relationship with our staff through a people-oriented philosophy and innovative management. The Group attaches great importance to our staff and considers them as company's important assets. We provide a reasonable and satisfactory remuneration and benefit system to each employee. In addition, the Group has also offered the staff with safe and healthy working environment, related training for staff as well as building a working environment filled with cooperative and friendly staff.

Employment

The Group strictly abides by the labour laws and related regulations in Hong Kong and the Mainland China, including but not limited to the Employment Ordinance in Hong Kong and the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China in the Mainland China and complies Staff Instructions and Policies and Procedures for Human Resources and Administration Department based on these regulations which includes information ranging from recruitment, promotion, remuneration, dismissal, working hours, holidays, equal opportunities, diversity, anti-discrimination to other employment packages and benefits. Staff Instructions is provided to all employees upon recruitment to ensure employees are aware of their duly rights and obligations. Employment contract that specifies the rights and obligations of both parties is also entered between the Group and each one of the new recruits for the sake of the mutual interests of parties.

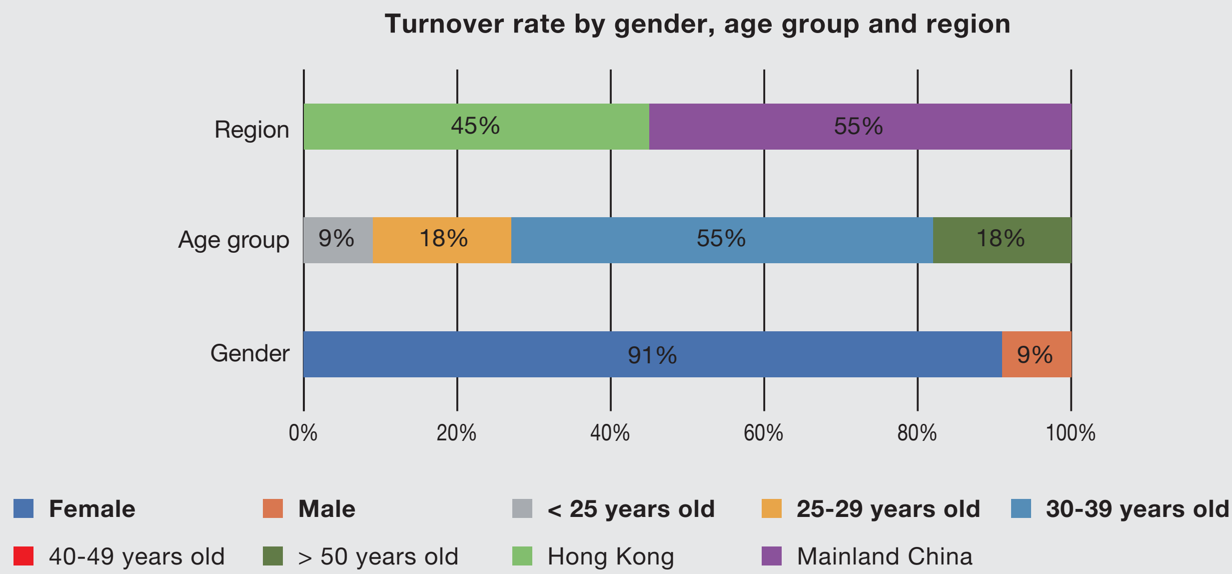
The recruitment and promotion procedures of the Group is not biased based on factors such as age, gender, race, colour and religious belief. All applicants and employees are treated equally. We employ people by open recruitment and place individual competency as our major consideration.

Employees are the most valuable assets of the Group. Therefore, the Group strives to provide a sound working environment for its employees. In order to enhance communication between employees and foster harmonious working atmosphere, the Group holds staff gatherings on a regular basis. In addition, the Group also encourages its employees to maintain work-life balance by actively planning additional staff activities, including badminton matches, hiking, festival celebrations and overseas trips.

During the Reporting Year, the Group strictly follows labour laws and relevant regulations of Hong Kong and the Mainland China.

For the year ended 30 April 2018

Total workforce by gender	
Female	34
Male	7
Total workforce by age group	
< 25 years old	2
25 – 29 years old	7
30 – 39 years old	19
40 – 49 years old	5
> 50 years old	8
Total workforce by level	
Management	11
Mid-level staff	20
Junior staff	10
Total workforce by region	
Hong Kong	11
Mainland China	30



HEALTH AND SAFETY

The business operations of the Group do not involve high-risk activities. Nevertheless, the Group attaches great importance to occupational safety, hygiene and health of our employees. The Group strictly complies with relevant regulations on occupational health and safety including but not limited to the Occupational Safety and Health Ordinance in Hong Kong, and makes all efforts to build a safe and comfortable working environment for our employees.

As employees often remain in a writing or computer-operating position for long periods of time during office hours, they may suffer from resulting muscle strains which affect mental state at work and reduce productivity due to wrong sitting postures. Hence, the Group urges employees to properly arrange their schedule at work and take regular naps as well as do stretching and relaxing exercises so as to mitigate fatigue. Moreover, in order to improve physical and mental health of employees, the Group regularly held discussions with employees on organising outdoor events and encourages active participation from employees.

As for insurance, in addition to employee compensation insurance, the Group also provides medical insurance and additional benefits.

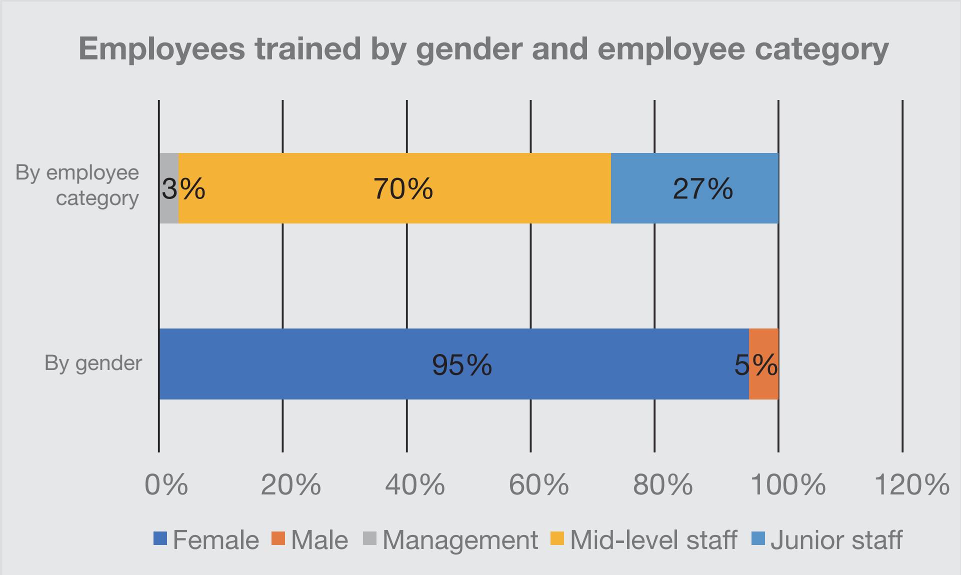
During the Reporting Year, the Group did not record work-related injury or fatality of employees, nor any lost days due to work injury.

DEVELOPMENT AND TRAINING

Nurturing talents is a key factor of the Group's advancement. The Group firmly believes that trainings help improve competency of staff and facilitate all-rounded personal development. Therefore, the Group spares no efforts in the aspects of development and training. For example, for employees who attend courses or participate in seminars related to their professions, the Group will bear relevant fees and expenses for development and training. The Group is always improving in-house training schemes, and provides related internal trainings, including sales techniques, methods for communication with clients and fashion sense, so as to enhance knowledge and skills of employees required for their positions. The Group also encourages employees to set up personal development goals and foster growth alongside the Group.

Meanwhile, the Group plans to arrange external trainings for employees with the aim of improving competency, work skills, expertise and performance of employees. It is also the Group's intention to provide specialised trainings on working functions according to employees' duties and responsibilities, which include human resource management, risk management, finance and audit, environmental protection, occupational health and safety.

Statistics in respect of development and training for the Reporting Year is set out below:



Average training hours completed per employee

By gender	
Female	4.38
Male	4.50
By employee category	
Management	4.25
Mid-level staff	4.39
Junior staff	4.41

LABOUR STANDARDS

For the prevention of child labour and forced labour, the Group implements strict requirements for employee selection. Policies and procedures of the human resources and administration department set out points to note during our recruitment process. The Group conducts due investigation on applicants and verifies their personal information to ensure the legality of their employment and the absence of child labour or forced labour. The Group does not consider any under-aged applicants, as well as applicants who cannot provide relevant identification documents.

If any employment of child labour and forced labour were found by the management, we will terminate relevant labour contract with immediate effect and make investigation as well as take disciplinary action against responsible person.

During the Reporting Year, the Group did not record any incident of child labour or forced labour.

SUPPLY CHAIN MANAGEMENT

The Group exercises stringent control and management over the supply chain. Currently, we have set down policies and guidance in writing, namely the selection criteria for suppliers, and prudently select and continuously monitor approved suppliers. During the Reporting Year, the Group had a total of approximately 69 suppliers, of which 22 are from Hong Kong and 46 are from the Mainland China.

The Group puts great weight on product quality and compliance of approved suppliers. Our quality inspection department conducts on-site inspection at suppliers' factories and carries out quality control on products so as to ensure compliance of products with the Group's standards. Moreover, in order to ensure operations of suppliers comply with relevant ethics standards, e.g. health and safety, labour standards and environment protection, the Group will, upon request of our customers, engage firms specialising in the provision of verification, testing and certification to perform Sedex Members Ethical Trade Audit ("SMETA"). The Group will purchase from relevant specified suppliers only if our customers are satisfied with the audit results of such potential suppliers.

For approved suppliers who fail to comply with laws and regulations, product quality or safety requirement, the Group will demand rectification from them and take follow-up measures to inspect and ensure that rectification measures are duly performed by such approved suppliers. Upon completion of rectification by the suppliers, the Group will conduct reassessment and proceed to purchase from them only after actual improvements are witnessed.

In addition, we analyse and assess approved suppliers' experience, reputation, technology, financial strength, human resources, efficiency, quality control efficiency and code of ethics in the garment industry so as to select the most suitable approved suppliers.

PRODUCT RESPONSIBILITY

The Group has issued a set of written guidelines for testing and inspection of product quality known as "Policy and Procedures for the Quality Control Department" (質檢部政策及流程). As the Group is a design and procurement service provider, a product will be forwarded to an authorised supplier for mass production only after the Group received confirmation from our customer on the design, safety and health of the materials being used, sample pattern/format and labelling of the relevant product. The quality control department of the Group is responsible for the strict selection and oversight of the authorised suppliers. Inspectors will be sent to the facilities of the suppliers to conduct inspection on raw materials, work-in-progress and finished products on a sampling basis, so as to give assurance that the apparel products meet our standard and the requirements of our customers.

Generally speaking, the responsibility regarding product quality to be borne by the Group is limited to claims made by customers with regards to any defects in a product. Upon receiving a complaint or claim from a customer regarding any product defects, the Group will investigate and try to establish the reasons for such defects. If it is determined that a claim made by a customer is the fault of an authorised supplier, the Group may then file a claim against the subject authorised supplier and thereby passing the risk in product responsibility onto such authorised supplier.

During the Reporting Year, the Group did not conduct any product return exercises for safety or health reasons.

No advertisement is placed by the Group for our products in the course of our operations. In view of protecting the privacy and personal data of our customers, the Group has set forth the staff's code which stipulates that an employee must not leak or make public any information from the Group whether during his/her employment or after termination of employment. Confidentiality agreement is also entered into by the Group and each of our authorised suppliers, pursuant to which an authorised supplier is required to keep information, such as data of customer and product design, in confidence and shall not disclose it to a third party without prior written consent of the Group.

During the Reporting Year, no complaints concerning leakage of customer's information were received by the Group.

The Group has also put in place a mechanism to handle opinions and complaints. In case there are any comments from any customers, suppliers or any other stakeholders regarding the Group, comments may be filed directly to us, and they will be handled by the Group accordingly.

PREVENTION OF BRIBERY, EXTORTION, FRAUD AND MONEY LAUNDERING

The Group is in compliance with the laws and regulations on prevention of bribery, extortion, fraud and money laundering in Hong Kong and the Mainland China, including but not limited to the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong), the SFO and the Guideline on Anti-Money Laundering and Counter- Terrorist Financing issued by the Securities and Futures Commission in Hong Kong and Criminal Law of the People's Republic of China in the Mainland China. Employees of the Group are required to strictly observe and comply with the above laws and regulations to prevent any acts of bribery, extortion, fraud and money laundering from taking place.

For protection of the Group's interest, the Group has set forth in its staff's code the required conducts of our employees as well as policies on prevention of bribery, extortion, fraud and money laundering. For instance, when an employee receives a gift or red pocket from a supplier or any party associated with the Group, he/she shall report the case to the administration department immediately. Any gift or red pocket to employee with monetary value of over HK$500 is strictly prohibited by the Group.

Furthermore, any complaints and accusations of non-compliance of the rules from employees can be reported directly to the personnel and administration department. In case the subject of such report is the personnel and administration department itself, the employee should directly report the case to the general manager. The Group will conduct an investigation into the case and will handle it in a fair and just manner.

During the Reporting Year, the Group was not involved in any litigations relating to matters of bribery, extortion, fraud or money laundering.

COMMUNITY INVESTMENT

The Group strives to support the development of community and extend our care to the socially-disadvantaged groups by committing to taking care and educating homeless children and other disadvantaged youth as well as to contribute to growth and development of the region. The Group recognises the moral principle of "what is taken from the people shall be used for the benefit of the people" and has been taking initiatives to give back to the society and share the fruit of our business operations with the community. The Group supports various charity activities, mainly through donations. The majority of our donations are made to all-round development of teenagers.

During the Reporting Year, the Group made a donation in a total of approximately HK$48,000 to Bosco Charity Association Limited.

Environmental, Social and Governance Report Indicator Index of the Stock Exchange

Aspect	Guidance description	Report section	Remark
A. Environmental			
A1 Emissions			
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Compliance and Penalties, Emissions	
KPIs A1.1	The types of emissions and respective emissions data.	Emissions	
KPIs A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
KPIs A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A	The Group's business is not directly involved in textile manufacturing, therefore we have limited production of hazardous waste during our daily operations.
KPIs A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	

Aspect	Guidance description	Report section	Remark
KPIs A1.5	Description of measures to mitigate emissions and results achieved.	Emissions	This is the first Environmental, Social and Governance Report of the Group disclosing related KPIs, and there is no information on the results achieved relating to the implementation of energy saving measures.
KPIs A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions	
A2 Use of Resources			
General Disclosures	Policies on the effective use of resources, including energy, water and other raw materials.	Use of Resources	
KPIs A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources	
KPIs A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources	
KPIs A2.3	Description of energy use efficiency initiatives and results achieved.	Emissions	

Aspect	Guidance description	Report section	Remark
KPIs A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources	This is the first Environmental, Social and Governance Report of the Group disclosing related KPIs, and there is no information on the results achieved relating to the implementation of water efficiency initiatives.
KPIs A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The Group's business is not directly involved in textile manufacturing and packaging, therefore we have limited production of packaging material during our daily operations.
A3 The Environment and Natural Resources			
General Disclosures	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources	
KPIs A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources	

Aspect	Guidance description	Report section	Remark
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment	
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety	
KPI B2.2	Lost days due to work injury.	Health and Safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	

Aspect	Guidance description	Report section	Remark
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training	
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	

Aspect	Guidance description	Report section	Remark
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility	

Aspect	Guidance description	Report section	Remark
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Prevention of bribery, extortion, fraud and money laundering	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Prevention of bribery, extortion, fraud and money laundering	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Prevention of bribery, extortion, fraud and money laundering	
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

RESULTS AND DIVIDEND

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report.

The Board does not recommend the payment of a final dividend for the Year and propose that the profit for the Year be retained.

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the Year, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Save as disclosed in this annual report, since the end of the Year, no important event affecting the Group has occurred.

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, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong for the Year.

The Group also complies with the requirements under the Companies Law (2013 Revision) of the Cayman Islands, the GEM Listing Rules and the SFO for the disclosure of information and corporate governance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. The risk management policies and practices of the Group are shown in note 28 to the consolidated financial statements.

Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last three financial years is set out on page 108 of this annual report. This summary does not form part of the consolidated financial statements.

SUBSIDIARIES

Details (including the principal activities) of the Company's subsidiaries as at 30 April 2018 are set out in note 30 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately HK$48,000 (2017: HK$92,000).

DISTRIBUTABLE RESERVES

As at 30 April 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2013 Revision) of the Cayman Islands, is HK$22.8 million (2017: HK$26.7 million). Such amount represented share premium after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 23 to the consolidated financial statements.

DIRECTORS

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors
Mr. Choi King Ting, Charles *(Chairman and chief executive officer)*
Mr. Choi Ching Shing

Independent non-executive Directors
Mr. Lai Kowk Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to article 109 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this report and considers all the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all executive Directors for a term of three years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letter of appointments with independent non-executive Directors for a term of three years.

No Directors proposed for re-election at the 2018 AGM have service contracts, which are not determinable by the Company within one year without payment of compensation, other than statutory compensation.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the business of the Group to which the Company, or its holding company, or any of its subsidiaries was a party and in which a director or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Year are set out in note 11 to the consolidated financial statements.

REMUNERATION POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutions.

PERMITTED INDEMNITY PROVISION

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets of the Company from all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 April 2018, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Charles Choi *(Note 1)*	Interest in controlled corporation	24,000,000(L) *(Note 2)*	75.00%

Note:

1. Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited ("JC International"), which in turn holds 75.00% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2018, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporations" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 April 2018, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
JC International *(Note 1)*	Beneficial owner	24,000,000(L) *(Note 2)*	75%

Note:

1. Mr. Charles Choi directly owns 100% of JC International, which in turn holds 75.00% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2018, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 April 2018, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the Year generated from the Group's major customers is as follows:

– The largest customer	40.5%
– Five largest customers	81.4%

The percentage of suppliers for the Year attributable to the Group's major suppliers is as follows:

– The largest supplier	49.4%
– Five largest suppliers	90.6%

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in any of the Group's five largest customers or its five largest suppliers for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the listing of the Shares on GEM on the Listing Date, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, all Directors confirmed that they had complied with the required standard of dealings and code of conduct regarding securities transactions throughout the period from the Listing Date to the date of this report.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking of Mr. Charles Choi and JC International, details of which were set out in the Prospectus has been fully complied and enforced since the Listing Date and up to 30 April 2018. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Anglo Chinese Corporate Finance Limited (the "Compliance Adviser"), as at 30 April 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 18 July 2016, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Group, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 29 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the GEM Listing Rules for the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times throughout the period from the Listing Date to 30 April 2018 and thereafter up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 26 of this annual report.

REPORT OF THE DIRECTORS

THE 2018 ANNUAL GENERAL MEETING

The 2018 AGM of the Company will be held at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong on 24 August 2018 at 10:30 a.m. and the notice convening such meeting will be published and despatched to the Shareholders in the manner as required by the GEM Listing Rules in due course.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the Year and up to the date of this report.

INDEPENDENT AUDITORS

The consolidated financial statements for the Year have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment. The Board has taken the Audit and Risk Management Committee's recommendation that a resolution for their re-appointment as independent auditor of the Company will be proposed at the 2018 AGM.

There is no change of independent auditors since the date of incorporation and up to the date of this annual report.

On behalf of the Board

Choi King Ting, Charles
Chairman and Executive Director

Hong Kong, 28 June 2018

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF SG GROUP HOLDINGS LIMITED
樺欣控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SG Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 60 to 107, which comprise the consolidated statement of financial position as at 30 April 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition on Supply of Apparel Products (as defined below)	
We identified the recognition of revenue pertaining to the supply of apparel products to Online Fashion Retailers and Fashion Retailers (both are defined in note 6 to the consolidated financial statements and collectively referred to as "Supply of Apparel Products") as a key audit matter due to the significance of the amount contributed to total revenue as disclosed in the consolidated statement of profit or loss and other comprehensive income. Revenue from the Supply of Apparel Products is recognised when the goods are delivered and title has transferred and is measured at the fair value of the consideration received or receivable, net of estimated customer returns and sales discounts. The accounting policy for revenue recognition on the Supply of Apparel Products is disclosed in note 4 to the consolidated financial statements. The Group recognised revenue from the Supply of Apparel Products of HK$189,615,000 for the year ended 30 April 2018, which is disclosed in note 6 to the consolidated financial statements.	Our procedures in relation to revenue recognition on Supply of Apparel Products included: • Obtaining an understanding of the Group's revenue business process on Supply of Apparel Products and the key controls over revenue recognition on Supply of Apparel Products performed by the management; • Testing the key controls over revenue recognition on Supply of Apparel Products; • Applying regression analysis technique to identify any unusual patterns of revenue on Supply of Apparel Products for the year, and inquiring of management and evaluating the management's response to any unusual patterns identified pertaining to revenue on Supply of Apparel Products identified; • Agreeing the details of a sample of revenue transactions on Supply of Apparel Products to the corresponding supporting documents such as invoices, bills of landing and acknowledgements of receipt; • Agreeing the settlements of invoices pertaining to a sample of revenue transactions on Supply of Apparel Products during the year to the bank deposit slips; and • Inquiring of management and inspecting the sales ledger for Supply of Apparel Products subsequent to the year end to identify any significant sale returns or pricing discounts and, evaluating management's response to inquiries regarding any unusual or significant sales returns identified.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified the valuation of trade receivables as a key audit matter due to the significance of the amount in the consolidated statement of financial position as a whole and the inherent subjectivity arising from the use of judgment in estimating allowances when assessing the recoverability of the trade receivables. As set out in note 5 to the consolidated financial statements, when evaluating the recoverability of trade receivables, the management considered the credit history of the customers including any default or delay in payments, past settlement records, subsequent settlements made and the aging analysis of the trade receivables. At 30 April 2018, the carrying amount of trade receivables is HK$39,386,000 (net of allowance for doubtful debts of nil).	Our procedures in relation to valuation of trade receivables included: • Understanding the Group's policy and methodology used in the identification and measurement of the allowance for doubtful debts; • Inquiring of the management regarding the assumptions and judgements made in assessing recoverability of trade receivables, and evaluating the reasonableness of allowance for doubtful debts with reference to credit history of the customers including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables; • Independently assessing the current credit worthiness of a sample of customers based on publically available information to identify any contradictory evidence; • Testing the accuracy of ageing categories as set out in the ageing analysis, on a sample basis, to the supporting documents such as invoices; and • Examining the level of settlements of the receivables received during the year and subsequent to year end, on a sample basis, by tracing to invoices and bank deposit slips.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Faith Corazon Del Rosario.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Revenue	6	**192,515**	165,803
Cost of sales and services		**(142,264)**	(125,984)
Gross profit		**50,251**	39,819
Other income	7	**660**	372
Other gains and losses, net	8	**(1,655)**	(4,271)
Administrative expenses		**(9,780)**	(6,030)
Selling and distribution expenses		**(9,689)**	(7,461)
Finance costs	9	**(368)**	(385)
Listing expenses		**–**	(11,186)
Profit before taxation	10	**29,419**	10,858
Income tax expense	13	**(5,868)**	(4,650)
Profit for the year		**23,551**	6,208
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**641**	–
Other comprehensive income for the year		**641**	–
Total comprehensive income for the year		**24,192**	6,208
Earnings per share			
– basic (Hong Kong dollars)	15	**0.74**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	16	**3,699**	2,996
Deferred tax assets	22	**–**	14
		3,699	3,010
Current assets			
Inventories	17	**1,995**	1,913
Trade, bills and other receivables	18	**50,632**	18,429
Bank balances and cash	19	**62,658**	59,000
		115,285	79,342
Current liabilities			
Trade and other payables	20	**18,387**	3,723
Obligation under a finance lease	21	**358**	347
Tax payables		**5,581**	7,504
		24,326	11,574
Net current assets		**90,959**	67,768
Total assets less current liabilities		**94,658**	70,778
Non-current liabilities			
Obligation under a finance lease	21	**30**	388
Deferred tax liabilities	22	**46**	–
		76	388
Net assets		**94,582**	70,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	NOTE	**2018** **HK$'000**	2017 HK$'000
Capital and reserves			
Share capital	23	**320**	320
Reserves		**94,262**	70,070
Total equity		**94,582**	70,390

The consolidated financial statements on pages 60 to 107 were approved and authorised for issue by the Board of Directors on 28 June 2018 and are signed on its behalf by:

Mr. Choi King Ting Charles
DIRECTOR

Mr. Choi Ching Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 May 2016	–[+]	–	–	–	24,661	24,661
Profit and total comprehensive income for the year	–	–	–	–	6,208	6,208
Capitalisation Issue (note 23)	240	(240)	–	–	–	–
Issue of new shares upon listing (note 23)	80	45,920	–	–	–	46,000
Cost of issuance of shares	–	(6,479)	–	–	–	(6,479)
At 30 April 2017	320	39,201	–	–	30,869	70,390
Profit and total comprehensive income for the year	–	–	–	641	23,551	24,192
Transfer to statutory reserve	–	–	65	–	(65)	–
At 30 April 2018	320	39,201	65	641	54,355	94,582

[+] Less than HK$1,000

Note: Amount represents statutory reserve of the subsidiary of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiary is required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**29,419**	10,858
Adjustments for:		
Depreciation of property, plant and equipment	**404**	400
Finance costs	**368**	385
Allowance for doubtful debts on trade receivables	**1,222**	259
Interest income	**(74)**	(1)
Gain on disposal of property, plant and equipment	**–**	(15)
Operating cash flows before movements in working capital	**31,339**	11,886
(Increase) in inventories	**(82)**	(101)
(Increase) decrease in trade, bills and other receivables	**(32,962)**	7,842
Increase (decrease) in trade and other payables	**14,328**	(8,467)
Cash generated from operations	**12,623**	11,160
Hong Kong Profits Tax paid	**(7,687)**	(3,508)
PRC Enterprise Income Tax paid	**(46)**	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	**4,890**	7,652
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,078)**	(2,172)
Interest received	**74**	1
Advance to the shareholder	**–**	(1,287)
Advance to immediate holding company	**–**	(21)
Repayment from the shareholder	**–**	1,277
Proceeds from disposal of property, plant and equipment	**–**	150
Repayment from immediate holding company	**–**	30
Repayments from related parties	**–**	9
NET CASH USED IN INVESTING ACTIVITIES	**(1,004)**	(2,013)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(368)**	(385)
Repayments of obligation under a finance lease	**(347)**	(197)
Proceeds from issue of shares	**–**	46,000
Shares issue expenses	**–**	(6,479)
New bank borrowings raised	**–**	8,000
Advance from the shareholder	**–**	58
Advance from a director	**–**	23
Repayment of bank borrowings	**–**	(8,000)
Repayment to a director	**–**	(1,455)
Repayment to the shareholder	**–**	(58)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	**(715)**	37,507
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,171**	43,146
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**59,000**	15,854
Effect of foreign exchange rate changes	**487**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**62,658**	59,000

1. GENERAL

SG Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 October 2015. The ordinary shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 21 March 2017.

The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The address of the head office and the principal place of business of the Company is Unit 104A, 1st Floor, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of consultation services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, being United States dollars ("US$"). The directors of the Company consider that presenting the financial information in HK$ is preferable as the principal place of business of the Company and its principal subsidiaries are in Hong Kong.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the consolidation financial statements include applicable disclosures required by GEM Listing Rule. The consolidated financial statements have been prepared under the historical cost convention.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently adopted all HKFRSs issued by HKICPA which are effective for the annual period beginning on 1 May 2017.

New and amendments to HKFRSs and interpretations issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 April 2018, the directors of the Company anticipate that the following potential impact on initial application of HKFRS 9:

Classification and measurement

Except for financial assets which are subject to expected credit loss model upon application of HKFRS 9, all financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, they anticipate that the application of HKFRS 9 will not have material impact on the financial results and the financial position of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 ***Revenue from Contracts with Customers (Continued)***

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Except as described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and the interpretations will have no material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for sales discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the supply of apparel products is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Service income is recognised when services are provided.

Property, plant and equipment

Property, plant and equipment held for use for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables, including trade, bills and other receivables and bank balances and cash, are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio passed the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables (Continued)

The carrying amount of the loans and receivables is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses (other than financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and government-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

5. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The following is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of the reporting period.

Valuation of trade receivables

In determining whether there is objective evidence of impairment loss, the management of the Group evaluates the recoverability of trade receivables by considering the credit history of the customers including default or delay in payments, past settlement records, subsequent settlements made and the aging analysis of the trade receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and expected cash inflows in the foreseeable future. Where the actual cash flows are less than expected, a material impairment loss may arise.

As set out in note 18, the carrying amount of the trade receivables is HK$39,386,000, net of allowance for doubtful debts of HK$1,481,000 (2017: HK$16,235,000, net of allowance for doubtful debts of HK$259,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products and provision of consultation services.

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision maker (the "CODM"), which are used to make strategic decisions for the purposes of resource allocation and assessment of segment performance. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers and, provides consultation services. The details of the Group's each reportable segment are as follows:

(i)	Online Fashion Retailers	Supply of apparel products with designing and sourcing services to certain online fashion retailers, representing five customers namely ASOS.com Limited ("ASOS"), Lost Ink Ltd, zLabels GmbH ("Zalando"), Forever 21, Inc and International Brands Company (2017: four customers namely ASOS, Lost Link Ltd, Zalando and International Brands Company).
(ii)	Fashion Retailers	Supply of apparel products with designing and sourcing services to fashion retailers other than "Online Fashion Retailers" as defined above.
(iii)	Consultation services	Income from provision of consultation services to the manufacturers which mainly include (a) assisting them to comply with corporate social responsibility standards requirements; (b) providing fashion trends forecast analysis; (c) design specification; and (d) introducing potential customers.

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the year ended 30 April 2018

	Online fashion retailers HK$'000	**Fashion retailers HK$'000**	**Subtotal HK$'000**	**Consultation services HK$'000**	**Consolidated HK$'000**
Segment revenue	**85,951**	**103,664**	**189,615**	**2,900**	**192,515**
Segment profit	**20,308**	**19,638**	**39,946**	**1,912**	**41,858**
Unallocated income					**105**
Unallocated losses					**(550)**
Unallocated expenses					**(11,976)**
Unallocated finance costs					**(18)**
Profit before taxation					**29,419**

For the year ended 30 April 2017

	Online fashion retailers HK$'000	Fashion retailers HK$'000	Subtotal HK$'000	Consultation services HK$'000	Consolidated HK$'000
Segment revenue	60,774	101,731	162,505	3,298	165,803
Segment profit	14,470	19,934	34,404	2,482	36,886
Unallocated losses					(4,019)
Unallocated expenses					(10,792)
Unallocated finance costs					(31)
Listing expenses					(11,186)
Profit before taxation					10,858

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 30 April 2017 (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of unallocated expenses and income mainly including certain depreciation on property, plant and equipment, general office expenses, selling and distribution expenses, listing expenses, finance costs and net foreign exchange losses. This is consistent with the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both years.

Revenue by type of products/services

	2018 HK$'000	2017 HK$'000
Womenswear:		
Online Fashion Retailers	**84,648**	60,774
Fashion Retailers	**74,764**	75,631
	159,412	136,405
Childrenswear:		
Online Fashion Retailers	**1,303**	–
Fashion Retailers	**28,900**	26,100
	30,203	26,100
Subtotal for the supply of apparel products	**189,615**	162,505
Consultation services	**2,900**	3,298
	192,515	165,803

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographic locations of the customers, irrespective of the origin of the goods and the location of provision of services, are detailed below:

	2018 HK$'000	2017 HK$'000
Revenue from external customers		
United Kingdom	**152,839**	151,814
Germany	**28,170**	1,394
Ireland	**3,720**	4,591
Hong Kong	**2,959**	3,298
Spain	**2,453**	2,836
Singapore	**1,144**	–
United States of America	**498**	1,870
Others	**732**	–
	192,515	165,803

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

The following is an analysis of the carrying amounts of the Group's non-current assets (property, plant and equipment), analysed by the geographical area in which the assets are located:

	2018 HK$'000	2017 HK$'000
Hong Kong	2,695	2,996
PRC	1,004	–
	3,699	2,996

Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue for the reporting period is set out below:

	2018 HK$'000	2017 HK$'000
Customer A[1]	77,876	55,372
Customer B[2]	56,635	60,729

1 Revenue generated from an Online Fashion Retailer for the supply of womenswear.

2 Revenue generated from a Fashion Retailer for the supply of womenswear and childrenswear.

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Sample income	**260**	182
Interest income	**74**	1
Others	**326**	189
	660	372

8. OTHER GAINS AND LOSSES, NET

	2018 HK$'000	2017 HK$'000
Net gain on disposal of property, plant and equipment	**–**	15
Net exchange losses	**(433)**	(4,027)
Allowance for doubtful debts	**(1,222)**	(259)
	(1,655)	(4,271)

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
Bank borrowings	**–**	16
Factoring arrangement (without recourse)	**350**	353
Finance lease	**18**	16
	368	385

10. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 11)	**1,548**	699
Other staff costs	**5,124**	4,152
	6,672	4,851
Retirement benefit schemes contributions for other staff	**372**	174
Total staff costs	**7,044**	5,025
Depreciation of property, plant and equipment	**404**	400
Minimum lease payments	**849**	757
Auditor's remuneration	**1,108**	1,000
Cost of inventories recognised as expenses	**139,312**	125,168

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Choi King Ting Charles ("Mr. Charles Choi") is a director and the chief executive of the Company and his emoluments are disclosed below include the service rendered by him as the chief executive.

Mr. Choi Ching Shing Benny ("Mr. Benny Choi"), who is the sibling of Mr. Charles Choi, was appointed as an executive director of the Company on 18 July 2016. Mr. Benny Choi was also a director of the operating subsidiaries of the Group during the year ended 30 April 2018.

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive

Below details are the emoluments including fees, salaries and allowances and retirement benefit schemes contributions paid by the group entities to the directors of the Company and the chief executive of the Company during the year.

	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 30 April 2018				
Executive directors				
Mr. Charles Choi	**–**	**918**	**18**	**936**
Mr. Benny Choi	**–**	**240**	**12**	**252**
	–	**1,158**	**30**	**1,188**
Independent non-executive directors				
Mr. Lai Kwok Hung, Alex (Note)	**120**	**–**	**–**	**120**
Mr. Yeung Chuen Chow, Thomas (Note)	**120**	**–**	**–**	**120**
Mr. Cüneyt Bülent Bilâloğlu (Note)	**120**	**–**	**–**	**120**
	360	**–**	**–**	**360**
	360	**1,158**	**30**	**1,548**
For the year ended 30 April 2017				
Executive directors				
Mr. Charles Choi	–	390	18	408
Mr. Benny Choi	–	240	12	252
	–	630	30	660
Independent non-executive directors				
Mr. Lai Kwok Hung, Alex (Note)	13	–	–	13
Mr. Yeung Chuen Chow, Thomas (Note)	13	–	–	13
Mr. Cüneyt Bülent Bilâloğlu (Note)	13	–	–	13
	39	–	–	39
	39	630	30	699

Note: Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu were appointed as independent non-executive directors on 21 February 2017.

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive (Continued)

The executive directors' emoluments shown above are for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

None of the directors waived or agreed to waive any emoluments during the year ended 30 April 2018 and 2017.

12. EMPLOYEES' EMOLUMENTS

Employees

Included in the five individuals with the highest emoluments in the Group is Mr. Charles Choi whose emoluments are included in the disclosure in note 11 above. The accumulated emoluments of the remaining four (2017: four) highest paid individual are as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries and allowances	**1,657**	1,716
Retirement benefit schemes contributions	**75**	69
	1,732	1,785

The number of the five highest paid individuals, whose emolument fell within the following bands is as follows:

	2018 **Number of** **employees**	2017 Number of employees
Nil to HK$1,000,000	**5**	5

During the year, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax		
Hong Kong Profits Tax	**5,727**	4,637
PRC Enterprise Income Tax (the "EIT")	**81**	–
	5,808	4,637
Deferred tax expense (note 22)	**60**	13
	5,868	4,650

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of a subsidiary established in the PRC, as determined in accordance with the relevant enterprise income law, implementation rules and notices in the PRC.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before taxation	**29,419**	10,858
Tax at Hong Kong Profits Tax rate of 16.5%	**4,926**	1,792
Tax effect of expenses not deductible for tax purposes	**157**	2,570
Tax effect of tax losses not recognised	**886**	305
Utilisation of tax losses previously not recognised	**–**	(17)
Tax effect of different rate of subsidiaries operating in other jurisdictions	**21**	–
Tax effect of profit or a subsidiary under tax exemption	**(122)**	–
Income tax expense	**5,868**	4,650

Details of deferred taxation are set out in note 22.

14. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 30 April 2018 (2017: Nil), nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2018	2017
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year)	**23,551**	6,208
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**32,000**	24,899

No diluted earnings per share for both years was presented as there were no potential ordinary shares in issue for both years.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as set out in note 23) had been effective on 1 May 2016.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property HK$'000	Fixture and furniture HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 May 2016	–	16	450	250	716
Additions	2,000	–	–	1,104	3,104
Disposals	–	–	–	(250)	(250)
At 30 April 2017	2,000	16	450	1,104	3,570
Additions	–	1,078	–	–	1,078
Written off	–	–	(450)	–	(450)
Exchange realignment	–	32	–	–	32
At 30 April 2018	2,000	1,126	–	1,104	4,230
DEPRECIATION					
At 1 May 2016	–	1	188	100	289
Provided for the year	28	3	225	144	400
Eliminated on disposals	–	–	–	(115)	(115)
At 30 April 2017	28	4	413	129	574
Provided for the year	40	106	37	221	404
Written off	–	–	(450)	–	(450)
Exchange realignment	–	3	–	–	3
At 30 April 2018	68	113	–	350	531
CARRYING VALUES					
At 30 April 2018	1,932	1,013	–	754	3,699
At 30 April 2017	1,972	12	37	975	2,996

The carrying amount of motor vehicle of the Group includes an amount of HK$754,000 (2017: HK$975,000) in respect of assets held under a finance lease.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method and at the following rates per annum:

Leasehold property	2% or over the lease term, whichever is shorter
Fixture and furniture	20%
Leasehold improvement	20% or over the lease term, whichever is shorter
Motor vehicles	30%

17. INVENTORIES

	2018 HK$'000	2017 HK$'000
Goods in transit	**1,995**	1,913

18. TRADE, BILLS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**39,386**	16,494
Less: allowance for doubtful debts	**–**	(259)
	39,386	16,235
Bills receivables	**799**	457
	40,185	16,692
Other receivables		
– Deposits and prepayments	**10,341**	1,218
– Others	**106**	519
	10,447	1,737
Total trade, bills and other receivables	**50,632**	18,429

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (2017: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

18. TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade and bill receivables presented based on the invoice date at the end of the reporting period, which approximates the revenue recognition dates:

	2018 **HK$'000**	2017 HK$'000
Within 60 days	**32,018**	12,284
61 to 180 days	**8,000**	3,636
181 to 365 days	**151**	415
Over 365 days	**16**	357
	40,185	16,692

The management of the Group closely monitors the credit quality of trade and bill receivables and considers the debts that are neither past due nor impaired are of a good credit quality. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customer. Limits attributed to customers are reviewed once a year. Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$7,800,000 (2017: HK$6,578,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Age of receivables that are past due but not impaired

	2018 **HK$'000**	2017 HK$'000
Overdue by:		
1 to 60 days	**7,225**	5,121
61 to 180 days	**432**	828
181 to 365 days	**128**	272
Over 365 days	**15**	357
	7,800	6,578

18. TRADE, BILLS AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at the beginning of the year	**259**	–
Impairment losses recognised	**1,222**	259
Amounts written off as uncollectible	**(1,481)**	–
Balance at the end of the year	**–**	259

The Group has written off trade receivables with an aggregate balance of HK$1,481,000 (2017: Nil) during the year as the counterparties are in liquidation process which the management assessed these balances are not recoverable. Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$259,000 as at 30 April 2017 which are in financial difficulties in repaying the outstanding balances. Based on the management of the Company's assessment, these overdue balances are considered not recoverable. The Group does not hold any collateral over these balances.

Trade and other receivables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2018 HK$'000	2017 HK$'000
HK$	**3,311**	1,869
Great British Pound ("GBP")	**3,698**	515

19. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates (2017: prevailing market rates) based on daily bank deposits rates for the year.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2018 HK$'000	2017 HK$'000
HK$	**28,502**	48,492
EURO	**70**	–
GBP	**25,388**	2,285

20. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**13,482**	1,047
Other payables	**2,503**	311
Deposits received from customers	**33**	112
Accrued expenses	**2,330**	2,049
Receipts in advance from customers	**39**	204
Total trade and other payables	**18,387**	3,723

The credit period of trade payables ranges from 30 to 90 days for both years.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2018 HK$'000	2017 HK$'000
Within 60 days	**11,409**	856
61 to 180 days	**1,427**	191
181 to 365 days	**619**	–
Over 365 days	**27**	–
	13,482	1,047

Trade and other payables that are denominated in foreign currencies, currencies other than the financial currencies of relevant group entities:

	2018 HK$'000	2017 HK$'000
HK$	**6,737**	1,470
GBP	**5**	–

21. OBLIGATION UNDER A FINANCE LEASE

Obligation under a finance lease relates to a motor vehicle purchased under a finance lease arrangement. The lease term is three years. Interest rate underlying the obligation fixed at the contract date is at 1.28% per annum and the effective interest rate is at 3.16% per annum. Details of the obligation under the finance lease are set out below:

	Minimum lease payments		**Present value of minimum lease payment**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Amount payable under a finance lease:				
Within one year	**365**	365	**358**	347
More than one year but not exceeding five years	**30**	395	**30**	388
	395	760	**388**	735
Less: future finance charges	**(7)**	(25)	**N/A**	N/A
Present value of lease obligation	**388**	735	**388**	735
Less: Amount due for settlement within twelve months shown under current liabilities			**(358)**	(347)
Amount due for settlement after twelve months shown under non-current liabilities			**30**	388

The Group's obligation under a finance lease is secured by the lessor's title to the leased asset.

22. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

The following is the major deferred tax asset (liability) recognised and movements thereon during the year.

	Tax losses HK$'000	Accelerating accounting depreciation HK$'000	Total HK$'000
At 1 May 2016	20	7	27
(Charged) credited to profit or loss	(18)	5	(13)
At 30 April 2017	2	12	14
Credit (charged) to profit or loss	2	(62)	(60)
At 30 April 2018	4	(50)	(46)

As at 30 April 2018, the Company has unutilised Hong Kong tax losses of approximately HK$1,266,000 (2017: HK$3,091,000).

Deferred tax asset has been recognised in respect of approximately HK$24,000 (2017: HK$12,000) of such losses arising from Hong Kong. No deferred tax asset has been recognised in respect of remaining approximately HK$1,242,000 (2017: HK$3,079,000) due to the unpredictability of future taxable income streams. Tax losses in Hong Kong are available for offsetting against future taxable profits of the companies in which the losses arose for an indefinite period.

23. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follow:

	Number of shares	Share capital HK$
Ordinary share of HK$0.01 each		
Authorised:		
At 1 May 2016, 30 April 2017 and 30 April 2018	200,000,000	2,000,000
Issued and fully paid:		
At 1 May 2016	100	1
Capitalisation (Note 1)	23,999,900	239,999
Issuance of new shares upon listing (Note 2)	8,000,000	80,000
At 30 April 2017 and 30 April 2018	32,000,000	320,000

Note 1: Pursuant to a resolution of the sole shareholder of the Company passed on 21 February 2017, the directors of the Company were authorised to capitalise an amount of HK$239,999 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 23,999,900 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on the date (the "Capitalisation Issue").

Note 2: On 21 March 2017, upon listing on the Stock Exchange, the Company issued 8,000,000 shares with par value HK$0.01 each at HK$5.75 each with gross proceeds of approximately HK$46,000,000.

24. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**855**	297
In the second to fifth years inclusive	**1,511**	321
More than five years	**1,540**	–
	3,906	618

Operating lease payments represent rentals payable by the Group for its offices. These leases are negotiated for terms ranging from two to ten years (2017: two to three years) with fixed monthly rental. None of the leases include any contingent rental.

25. PLEDGE OF ASSETS

At 30 April 2018, the Group's obligation under a finance lease (note 21) was secured by the lessor's title to the leased assets, which had a carrying amount of HK$754,000 (2017: HK$975,000).

26. RETIREMENT BENEFITS PLAN

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributes 5% (2017: 5%) of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme.

The employees employed in the PRC are members of the state-managed retirement benefits schemes operated by PRC government. The PRC subsidiary is required to contribute a certain percentage of their basis payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contribution under the schemes.

The total cost of HK$402,000 (2017: HK$204,000) charged to profit or loss represents contributions paid or payable to the above schemes by the Group at the rates specified in the rules of plans.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting periods.

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**102,949**	77,084
Financial liabilities		
Amortised cost	**15,984**	1,470

Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank deposits is presented as the directors of the Company consider the sensitivity on interest rate risk on bank deposits is insignificant.

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**29,419**	50,361	**4,467**	1,470
EURO	**70**	–	**–**	–
GBP	**28,982**	2,800	**5**	–

The directors of the Company consider that the exposure of HK$ against US$ is limited as HK$ is pegged to US$ and the Group is mainly exposed to the currency risk of GBP against US$.

The sensitivity analysis below details the Group's sensitivity to 10% (2017: 10%) increase and decrease in the exchange rate of GBP against the functional currencies of the corresponding group entities. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. A positive number indicates an increase in post-tax profit when GBP strengthen 10% (2017: 10%) against the functional currencies of the corresponding group entities. For a 10% weakening of GBP, there would be an equal but opposite impact on the post-tax profit.

	2018	2017
	HK$'000	HK$'000
GBP	**2,419**	234

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

In order to minimise the credit risk, management of the Group has entered into a factoring arrangement with a bank pertaining the trade receivables from a major customer and, has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 30 April 2018, the Group has concentration of credit risk as 30% (2017: 33%) and 59% (2017: 83%) of the total trade and bills receivable was due from the Group's largest debtor and the top five largest debtors respectively. The management of the Group considered the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

The credit risk on bank balances is limited because they are deposited with banks with high credit ratings.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by arranging factoring arrangement to accelerate collection of receivables, maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2018							
Trade and other payables	–	15,337	620	28	–	15,985	15,985
Obligation under a financial lease	3.16%	182	183	30	–	395	388
		15,519	803	58	–	16,380	16,373

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2017							
Trade and other payables	–	1,470	–	–	–	1,470	1,470
Obligation under a financial lease	3.16%	182	182	365	30	759	735
		1,652	182	365	30	2,229	2,205

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

29. RELATED PARTY DISCLOSURES

(i) In addition to the transactions, balances and commitments disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transactions:

	2018 HK$'000	2017 HK$'000
Rental expenses to a related company[1]	**54**	–
Rental expenses to a related party[2]	**287**	–

1 This represented rental expenses payable to an entity controlled by a close family member of Mr. Charles Choi, the controlling shareholder of the Company, for the lease of office premises in Hong Kong.

2 This represented rental expenses payable to a relative of Mr. Charles Choi, for the lease of office premises in Shenzhen, the PRC.

(ii) A close family member of Mr. Charles Choi has provided a personal guarantee of HK$10,000,000 in aggregate and Mr. Charles Choi and his spouse have provided unlimited personal guarantees to a bank, to secure the banking facilities granted to the Group. No facility has been utilised by the Group as at 30 April 2017. All of these personal guarantees have been released as at 30 April 2018.

(iii) Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	**2,135**	1,799
Retirement benefit schemes contributions	**86**	87
	2,221	1,886

Further details of the directors' emoluments are included in note 11.

30. PARTICULARS OF THE SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2018	2017	
Directly held					
JC Fashion Group Limited	British Virgin Islands 22 September 2011	Ordinary shares US$10	**100%**	100%	Investment holding
Indirectly held					
JC Fashion Group Limited	Hong Kong 1 April 2010	Ordinary shares HK$10,000	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and consultation service
JC Design & Consultancy Company Limited	Hong Kong 17 November 2014	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers
JC Fashion (UK) Company Limited	United Kingdom 29 May 2014	Ordinary share GBP1	**100%**	100%	Operation of a showroom
旺利多時裝(深圳)有限公司 JC Fashion (Shenzhen) Limited	People's Republic of China 6 April 2017	Registered capital HK$3,000,000	**100%**	N/A	Sourcing and quality assurance services
旺利多(深圳)紡織有限公司 JC Design & Consultancy Company (Shenzhen) Limited	People's Republic of China 20 September 2017	Registered capital HK$8,000,000	**100%**	N/A	Inactive

None of the subsidiaries had issued any debt securities at the end of the reporting period.

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investment in a subsidiary	**22,593**	22,593
Current assets		
Prepayments and deferred expenses	**1,116**	265
Bank balances	**24,500**	44,369
	25,616	44,634
Current liabilities		
Accruals	**1,460**	500
Amount due to a subsidiary	**990**	17,109
	2,450	17,609
Net current assets	**23,166**	27,025
Net assets	**45,759**	49,618
Capital and reserves		
Share capital (note 23)	**320**	320
Reserves	**45,439**	49,298
Total equity	**45,759**	49,618

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium HK$'000	Merger reserve HK$'000 (Note)	Retained profits/ (accumulated loss) HK$'000	Total HK$'000
At 1 May 2016	–	22,593	536	23,129
Loss and total comprehensive expense for the year	–	–	(13,032)	(13,032)
Capitalisation Issue	(240)	–	–	(240)
Issue of new shares upon listing	45,920	–	–	45,920
Cost of issuance of shares	(6,479)	–	–	(6,479)
At 30 April 2017	39,201	22,593	(12,496)	49,298
Loss and total comprehensive expense for the year	–	–	(3,539)	(3,539)
At 30 April 2018	39,201	22,593	(16,035)	45,759

Note: Deemed contribution is arisen from acquisition of the entire interest in JC BVI, as set out in note 2(c), and represents the excess of the net asset value of JC BVI at the date of acquisition over the par value of the shares allotted by the Company.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

Results

	Year ended 30 April		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
REVENUE	**192,515**	165,803	158,838
PROFIT BEFORE TAXATION	**29,419**	10,858	22,235
INCOME TAX EXPENSE	**(5,868)**	(4,650)	(4,732)
PROFIT FOR THE YEAR	**23,551**	6,208	17,503

Assets and Liabilities

	Year ended 30 April		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**118,984**	82,352	44,668
TOTAL LIABILITIES	**24,402**	(11,962)	(20,007)
NET ASSETS	**94,582**	70,390	24,661