SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8442

SHARE OFFER

Sole Sponsor

ANGLO CHINESE CORPORATE FINANCE, LIMITED 英高

Joint Bookrunners and Joint Lead Managers

ANGLO CHINESE SECURITIES, LIMITED 英高

東興證券(香港) DONGXING SECURITIES (HONG KONG)

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**8,000,000 Shares**
Number of Public Offer Shares	**:**	**800,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**7,200,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$5.75 per Offer Share and expected to be not less than HK$4.75 per Offer Share (payable in full on application in Hong Kong dollars plus, brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**8442**

Sole Sponsor

ANGLO CHINESE CORPORATE FINANCE, LIMITED 英高

Joint Bookrunners and Joint Lead Managers

ANGLO CHINESE SECURITIES, LIMITED 英高

東興證券(香港) DONGXING SECURITIES (HONG KONG)

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is currently expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is scheduled on or about Friday, 10 March 2017, and in any event not later than Monday, 13 March 2017. The Offer Price will be not more than HK$5.75 per Offer Share and is currently expected to be not less than HK$4.75 per Offer Share unless otherwise announced. The Joint Bookrunners may, with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Share Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.jcfash.com**. If the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Monday, 13 March 2017, the Share Offer will not become unconditional and will lapse immediately.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws of the US and may not be offered, sold, pledged, or transferred within the US, except pursuant to an exemption from, or in a traction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable US securities law.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Public Offer should note that the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) is entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by means of a notice in writing given to our Company by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

28 February 2017

IMPORTANT

Our Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of our Company at **www.jcfash.com** and the Stock Exchange at **www.hkexnews.hk** under the "HKExnews > Listed Company Information> Latest Listed Company Information" section, respectively.

Anyone may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 at the following locations:

1. the following branch of the receiving bank for the Public Offer:

The Bank of East Asia, Limited

District	**Branch Name**	**Address**
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central

2. any of the following offices of the Sole Sponsor and the Joint Bookrunners:

Anglo Chinese Corporate Finance, Limited and **Anglo Chinese Securities, Limited** at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Dongxing Securities (Hong Kong) Company Limited at 6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at the following branches of The Bank of East Asia, Limited where WHITE Application Forms are distributed:

District	**Branch Name**	**Address**
Hong Kong Island	Hennessy Road Branch	G/F, Eastern Commercial Centre, 395-399 Hennessy Road, Wanchai
Kowloon	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road, Tsim Sha Tsui

During normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed, as set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazette newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be posted on the website of our Company at **www.jcfash.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

	Date *(Note 1)*
Application lists of the Public Offer open *(Note 2)*	11:45 a.m. on Monday, 6 March 2017
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give electronic application instructions to HKSCC *(Note 3)*	12:00 noon on Monday, 6 March 2017
Application lists of the Public Offer close *(Note 2)*	12:00 noon on Monday, 6 March 2017
Expected Price Determination Date *(Note 4)*	Friday, 10 March 2017
Announcement of (i) the Offer Price; (ii) the level of indications of interest in the Placing; (iii) the level of applications in the Public Offer; (iv) the basis of allotment of the Public Offer Shares; and (v) the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published on the website of our Company at **www.jcfash.com** and the website of the Stock Exchange at **www.hkexnews.hk**	Monday, 20 March 2017
Results of allocation in the Public Offer will be available at **www.ewhiteform.com.hk/results** with a "search by ID" function from	Monday, 20 March 2017
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares — A. Applications for Public Offer Shares — 11. Publication of results" in this prospectus from	Monday, 20 March 2017
Despatch/collection of share certificates and/or refunds cheques on or before *(Notes 4 to 10)*	Monday, 20 March 2017
Dealings in the Shares on GEM to commence on	9:00 a.m. on Tuesday, 21 March 2017

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 March 2017, the application lists will not open or close on that day. Further information is set forth in the section headed "How to Apply for the Public Offer Shares — A. Applications for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists" in this prospectus.

3. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — A. Applications for Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

4. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 10 March 2017. If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before Monday, 13 March 2017, the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$5.75 per Offer Share, applicants must pay the maximum Offer Price of HK$5.75 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but the surplus application monies will be refunded, without interest, as provided in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

5. Share certificates for the Offer Shares are expected to be issued on Monday, 20 March 2017 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 21 March 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated. If the Public Offer does not become unconditional or either of the Underwriting Agreements is terminated, we will make an announcement as soon as possible.

6. Refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

7. None of our Company's website or any of the information contained in our Company's website forms part of this prospectus.

8. Applicants for 500,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited from 9:00 a.m. to 1:00 p.m. on Monday, 20 March 2017 or any other day as announced by us as the date of despatch of Share certificates/refund cheques. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Boardroom Share Registrars (HK) Limited.

9. Applicants for 500,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

10. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How To Apply for the Public Offer Shares — 13. Despatch/collection of share certificates and refund monies" of this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

*You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. The contents of our Company's website at **www.jcfash.com** do not form part of this prospectus.*

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an apparel designing and sourcing service provider for branded fashion retailers. Our customers comprise (i) fashion retailers, which sell their apparel products through their physical retails outlets and their online sales platforms ("**Fashion Retailers**"), such as Monsoon Accessorize Limited ("**Monsoon**"), East Limited/East Lifestyle Limited ("**East**"), Dunnes Stores ("**Dunnes**"), Crew Clothing Co. Ltd. ("**Crew**"), and Long Tall Sally Limited ("**Long Tall Sally**"); and (ii) pure online fashion retailers, which sell their apparel products solely through their online sales platforms ("**Online Fashion Retailers**"), namely, ASOS.com Limited ("**ASOS**"), LLC Kupishoes ("**Lamoda**"), and zLabels GmbH ("**Zalando**"). During the Track Record Period, the apparel products that we sourced for our customers were womenswear and childrenswear. We currently have showrooms in Hong Kong and the UK.

OUR BUSINESS MODEL

Our apparel designing and sourcing services include (i) design and development which involves (a) offering of our in-house designed collections displayed in our showrooms which our customers can select off-the-shelves, (b) providing tailored design based on customers' specifications and requirements, and (c) offering design ideas and suggestions on product improvements on the preliminary designs provided by our customers; (ii) sourcing of suppliers from our list of Approved Suppliers which are responsible for the sourcing of raw materials and the production of the apparel products for our customers; (iii) production and logistics management which involves monitoring the manufacturing processes of our Approved Suppliers and arranging delivery of the apparel products to customers; and (iv) quality assurance which involves conducting inspections of the apparel products at different production stages and sample checking by external inspectors.

The apparel products that we offer to our customers are womenswear and childrenswear, which include skirts, shirts, blouses, t-shirts, trousers, coats, jackets, dresses, bridal wear, blazers, cardigans, jumpsuits, playsuits, shorts and nightwear. Our apparel products generally target mid- and high-end sectors in the apparel market, which we believe is consistent with the target market of our customers. Set out below are our average selling price to our customers, sales volume and gross profit margin of our womenswear and childrenswear during the Track Record Period:

	For the year ended 30 April 2015			For the year ended 30 April 2016			For the four months ended 31 August 2016		
	Average selling price	Sales volume	Gross profit margin	Average selling price	Sales volume	Gross profit margin	Average selling price	Sales volume	Gross profit margin
	HK$	*'000 units*	*%*	*HK$*	*'000 units*	*%*	*HK$*	*'000 units*	*%*
Womenswear	123.1	933	18.0	144.8	944	22.8	143.8	309	22.6
Childrenswear	97.0	262	15.4	101.9	217	23.1	88.5	129	23.0
Overall	117.4	1,195	17.5	136.8	1,161	22.9	129.9	438	22.7

Further details of the reasons for the fluctuation in average selling price, sales volume and gross profit margin are set out in the section headed "Financial Information — Description of selected components of consolidated statements of comprehensive income — Revenue" in this prospectus.

PRICING STRATEGY

We adopt a cost-plus pricing strategy and our apparel products are priced separately for each order based on (i) the complexity and number of steps involved in the production process; (ii) the volume of orders and timing of delivery; (iii) the estimated cost of the apparel product (including the estimated design and development costs which we would incur and the fees and expenses quoted by our Approved Suppliers for manufacturing the apparel product); and (iv) the estimated mark-up margins that we charge. We typically rely on our Approved Suppliers to source the raw materials required for producing product samples to bulk production of final apparel products. As the price of production is fixed at the time when we offer our pricing to our customers, any fluctuation or changes to raw material costs is borne by our Approved Suppliers. Further details of our pricing strategy are set out in the section headed "Business — Pricing strategy" in this prospectus.

OUR CUSTOMERS

We have established a customer portfolio of Fashion Retailers and Online Fashion Retailers. Our Group's key customers, whether a Fashion Retailer or an Online Fashion Retailer, are considered to be international branded fashion retailers because they either have physical outlets in different regions internationally and/or offer international orders and delivery services to their customers. In addition, our customers, such as Monsoon and ASOS, enjoy significant media coverage which allows for high level of brand awareness on an international level. Sales to our top five customers accounted for approximately 82.2%, 79.8% and 87.9% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Sales to our largest customer accounted for approximately 41.2%, 44.2% and 41.2% of our total revenue for the same periods, respectively. We have been able to retain most of our customers during the Track Record Period. During the Track Record Period, we have a customer base of 16, 24 and 19 for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, of which 12, 14 and 15 represented recurring customers for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. During the Track Record Period, most of our revenue was derived from our sales to our customers in the UK, which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. For further details of our customers, please refer to the section headed "Business — Our customers" in this prospectus.

OUR APPROVED SUPPLIERS

We have adopted and implemented written guidelines and policies governing our procedures in selecting new suppliers and monitoring the on-going performance of our Approved Suppliers. During the Track Record Period, all of our major Approved Suppliers for the manufacturing of apparel products are based in the PRC. Since the commencement of our business, our Group only engaged a limited number of Approved Suppliers who are able to satisfy our quality requirements for the production of apparel products. For the year ended 30 April 2015, we sourced all our purchases from three Approved Suppliers. For the year ended 30 April 2016, we have expanded our supplier base to 13 Approved Suppliers, of which we had purchased from 11 of them in the same year. For the four months ended 31 August 2016, we have further expanded our supplier base to 15 Approved Suppliers, of which we had purchased from all of them during the same period. For the year ended 30 April 2016 and the four months ended 31 August 2016, the purchase from our top five suppliers accounted for approximately 99.0% and 96.8% of our total purchase, respectively. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, approximately 98.8%, 49.2% and 33.5% of our Group's total purchase were attributable to our largest supplier, KC Group, respectively. During the Track Record Period, KC Group was wholly owned by Ms. Kate Tang, spouse of Mr. Charles Choi, before she disposed the entire issued share capital of KC BVI to an Independent Third Party on 4 July 2015. For further details of our Approved Suppliers, please refer to the section headed "Business — Our Approved Suppliers" in this prospectus.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive strengths: (i) a stable and growing customer base that includes international branded fashion retailers; (ii) being a comprehensive apparel designing and sourcing service provider; (iii) the application of stringent quality assurance and control measures; and (iv) capable management with extensive industry expertise and experience. For further details of our competitive strengths, please refer to the section headed "Business — Our competitive strengths" in this prospectus.

OUR BUSINESS STRATEGIES

We aim to maintain our growth in the apparel designing and sourcing service industry and enhance our overall competitiveness and market share. We intend to achieve our objectives by adopting the following key business strategies: we plan to (i) further strengthen the relationships with our existing customers and develop relationships with new customers, including setting up a flagship showroom in Hong Kong; (ii) further strengthen our design and development capabilities to enhance our business model; (iii) expand the geographical base of the third-party suppliers and diversify our supplier base; (iv) widen our product offerings; and (v) enhance our corporate image to attract customers attention. For further details of our business strategies, please refer to the section headed "Business — Our business strategies" in this prospectus.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the apparel SCM industry is highly fragmented and competitive with more than 10,000 market players in Hong Kong, with a majority of them handling large quantities per order. Our Group had a market share, in terms of revenue, of approximately 0.1%, for the year ended 30 April 2016, in the Hong Kong apparel SCM industry.

According to the Frost & Sullivan Report, we are categorised as a Group 1 apparel SCM service provider and can achieve Level 1 complexity of order management in the apparel SCM service market. Please refer to the section headed "Industry Overview — Challenges and opportunities — Competitive landscape" in this prospectus for further details.

SHAREHOLDERS INFORMATION

Immediately following completion of the Capitalisation Issue and the Share Offer, our Company will be owned as to 75% by JC International, being an investment holding company incorporated in the BVI and directly wholly-owned by Mr. Charles Choi, our chairman, chief executive officer and executive Director. For the purposes of the GEM Listing Rules, JC International and Mr. Charles Choi are our Controlling Shareholders.

Each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that, it or he shall not, at any time during the (i) first six-month period commencing on the Listing Date, which is required under the GEM Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner (as defined in Rule 13.16A(2) of the GEM Listing Rules) (the "**Relevant Securities**"); and (ii) second six-month period commencing on the Listing Date, which is required under the GEM Listing Rules, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has voluntarily undertaken to our Company that, it or he shall not, at any time during the second six-month period commencing on the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities ("**Voluntary Lock-Up Undertaking**"). Such Voluntary Lock-Up Undertaking is irrevocable and may not be waived.

Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further details.

SUMMARY OF FINANCIAL PERFORMANCE

The following tables summarise the consolidated financial information of our Group during the Track Record Period, which are extracted from the Accountants' Report as set out in Appendix I to this prospectus. The summary financial data should be read in conjunction with the consolidated financial information in the Accountants' Report as set out in Appendix I to this prospectus.

Highlight of consolidated statements of profit or loss and other comprehensive income

	For the year ended 30 April		For the four months ended 31 August	
	2015	2016	2015	2016
			(unaudited)	
Revenue *(HK$'000)*	140,285	158,838	49,997	59,683
Cost of sales *(HK$'000)*	115,671	122,501	40,355	46,138
Gross profit *(HK$'000)*	24,614	36,337	9,642	13,545
Gross profit margin	17.5%	22.9%	19.3%	22.7%
Profit for the year attributable to owner of our Company *(HK$'000)* *Note*	7,576	17,503	4,461	284

Note: If excluding the Listing expenses, which is a one-off non-recurring expense, our adjusted profit for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016 was approximately HK$7.6 million, HK$23.0 million, HK$5.0 million and HK$6.5 million, respectively. We use adjusted profit as an additional non-GAAP financial measure to supplement our consolidated financial statements which are prepared in accordance with HKFRS. A non-GAAP financial measure is a numerical measure that adjusts the most directly comparable measure determined in accordance with GAAP. Such measures provide supplemental information regarding a company's historical or future financial position, performance, cash flow, or liquidity. The use of adjusted profit has material limitations as an analytical tool, as it does not include all items that impact our profit or loss for the relevant period. In light of the foregoing limitations for this non-GAAP measure, when assessing our operating and financial performance, you should not consider adjusted profit in isolation or as a substitute for our profit or loss for the period, operating profit or any other operating performance measure that is calculated in accordance with HKFRS, because this non-GAAP measure may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

Revenue

During the Track Record Period, the UK was our largest market based on the geographical location of customers, with total sales to the UK representing approximately 91.5%, 92.3% and 97.5% of our total sales for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The following table sets out a breakdown of our Group's revenue by product type and customer type during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000* (unaudited)	*% of total revenue*	*HK$'000*	*% of total revenue*
Product type								
Womenswear	114,880	81.9%	136,736	86.1%	41,412	82.9%	47,154	79.0%
Childrenswear	25,405	18.1%	22,102	13.9%	8,585	17.1%	12,529	21.0%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000* (unaudited)	*% of total revenue*	*HK$'000*	*% of total revenue*
Customer type								
Fashion Retailers	105,540	75.2%	114,933	72.4%	36,855	73.7%	36,490	61.1%
Online Fashion Retailers	34,745	24.8%	43,905	27.6%	13,142	26.3%	23,193	38.9%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

Please refer to the section headed "Financial Information — Description of selected components of consolidated statements of comprehensive income — Revenue" in this prospectus for a discussion of the fluctuation of our Group's revenue during the Track Record Period.

Cost of sales

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, our cost of sales was approximately HK$115.7 million, HK$122.5 million and HK$46.1 million, respectively. During the Track Record Period, we outsourced all of our production orders to Approved Suppliers and almost all of our cost of sales comprises the fees charged by our Approved Suppliers. Please refer to the section headed "Financial Information — Description of selected components of consolidated statements of comprehensive income — Cost of sales" in this prospectus for a discussion of the fluctuation of our Group's cost of sales during the Track Record Period.

Gross profit and gross profit margin

The following table sets out a breakdown of the gross profit and gross profit margin during the Track Record Period by product type and customer type:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
	Gross profit HK$'000	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000* (unaudited)	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*
Product type								
Womenswear	20,695	18.0%	31,232	22.8%	8,075	19.5%	10,666	22.6%
Childrenswear	3,919	15.4%	5,105	23.1%	1,567	18.3%	2,879	23.0%
Total	24,614	17.5%	36,337	22.9%	9,642	19.3%	13,545	22.7%
Customer type								
Fashion Retailers	19,349	18.3%	26,533	23.1%	7,127	19.3%	8,103	22.2%
Online Fashion Retailers	5,265	15.2%	9,804	22.3%	2,515	19.1%	5,442	23.5%
Total	24,614	17.5%	36,337	22.9%	9,642	19.3%	13,545	22.7%

Please refer to the section headed "Financial Information — Description of selected components of consolidated statements of comprehensive income — Gross profit and gross profit margin" in this prospectus for a discussion of the fluctuation of our Group's gross profit during the Track Record Period.

Highlight of consolidated statements of financial position

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Current assets	25,180	44,214	49,284
Current liabilities	(13,337)	(20,007)	(26,576)
Non-current assets	1,023	454	2,237
Non-current liabilities	(211)	–	–
Net assets	12,655	24,661	24,945

Please refer to the section headed "Financial Information — Net current assets" in this prospectus for further details on our net current assets.

Highlight of consolidated statements of cash flows

	For the year ended 30 April		For the four months ended 31 August	
	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cash flows before movements in working capital	10,446	21,808	5,800	2,069
Net cash generated from operating activities	28,046	19,207	10,649	7,835
Net cash used in investing activities	(14,878)	(1,828)	(1,251)	(1,832)
Net cash used in financing activities	(12,511)	(4,873)	(4,115)	(1,526)
Net increase in cash and cash equivalents	657	12,506	5,283	4,477
Cash and cash equivalents at the beginning of the year/period	2,691	3,348	3,348	15,854
Cash and cash equivalents at the end of the year/period	3,348	15,854	8,631	20,331

Please refer to the section headed "Financial Information — Liquidity and financial resources — Cash flow of our Group" in this prospectus for further details on our cash positions.

Key financial ratios

	Year ended 30 April		For the four months ended 31 August
	2015	2016	2016
Current ratio	1.9 times	2.2 times	1.9 times
Quick ratio	1.7 times	2.1 times	1.7 times
Gearing ratio(1)	25.3%	N/A	N/A
Return on equity	59.9%	58.0%	N/A(2)
Return on assets	28.9%	39.2%	N/A(2)

Notes:

1. Gearing ratio is calculated by dividing total debts by total equity as of the end of the year. Our total debts include bank borrowings and obligations under finance lease.

2. Such ratios as at and for the four months ended 31 August 2016 are not meaningful and potentially misleading as the underlying income statement measures do not reflect a full year of results of operations.

Please refer to the section headed "Financial Information — Key financial ratios" in this prospectus for further details.

LITIGATION AND REGULATORY COMPLIANCE

During the Track Record Period and as at the Latest Practicable Date, our Group was not involved in any litigation, arbitration, regulatory action, or claim of material importance, and no litigation, arbitration, regulatory action, or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on the operating results or financial condition. Our Directors confirm that, as at the Latest Practicable Date, our Group did not receive any notices for any fines or penalties for any non-compliance that is material and systemic, and our Group has complied with all applicable laws and regulations in all material respects in Hong Kong and the UK during the Track Record Period and up to the Latest Practicable Date.

LISTING EXPENSES

The total amount of Listing expenses in connection with the Listing is estimated to be approximately HK$21.7 million, of which HK$5.9 million is to be capitalised (i.e. accounted for as deduction from equity). The remaining HK$15.8 million in fees and expenses has been or is expected to be charged to the consolidated statements of profit or loss and other comprehensive income, of which approximately HK$5.5 million and approximately HK$6.2 million were charged for the year ended 30 April 2016 and the four months ended 31 August 2016, respectively, and HK$10.3 million will be recognised as expenses during the year ending 30 April 2017, respectively. Accordingly, the net profit of our Group for the year ending 30 April 2017 is expected to be affected by the estimated expenses in relation to the Listing. Such Listing expenses are a current estimate for reference only and the final amount to be charged to the profit and loss account of our Group for the year ending 30 April 2017 and the amount to be deducted from our Group's capital are subject to change. If the Listing were to be postponed due to market conditions, additional Listing expenses would be incurred for future listing plan and would further reduce our Group's future net profit.

Although the total Listing expenses is estimated to be approximately HK$21.7 million, only the underwriting commission and related expenses of approximately HK$1.3 million, representing 3.1% of the gross proceeds of HK$42.0 million from the Share Offer, will be settled by the gross proceeds from the Share Offer. The remaining Listing expenses of HK$20.4 million will be settled by internal funding of our Group.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Based on the unaudited management accounts of our Group for the four months ended 31 December 2016, the average monthly revenue and gross profit margin remained relatively stable as compared to that for the same period in 2015.

According to the Frost & Sullivan Report, the global online apparel retail market will continue to grow at CAGR 12.6% from 2016 to 2020. In May 2016, we have started our business relationship with Zalando, a German Online Fashion Retailer which, according to Frost & Sullivan Report, has the highest growth in the apparel market in Germany with a CAGR of approximately 79.4% from 2010 to 2015. Our Directors believe that we will be able to benefit from the fast growing trend of the global online apparel market by attracting more customers which sell apparel products mainly through online sales platforms.

In June 2016, we moved to a larger showroom in the UK with a size of approximately 656 sq.ft.. As most of our customers are based in the UK, we believe that the proposed expansion of the showroom in the UK should contribute growth by further strengthening our relationship with the existing customers and attracting new customers, mostly in the UK and Europe.

Following Brexit, our major customers in the UK have confirmed to us in July 2016 that they do not anticipate there will be any material adverse change to the purchase orders to be placed with us, nor will there be any changes to our business relationship with them in the near future. In terms of our foreign currency risk after Brexit, after which the GBP has depreciated against US$ up to the Latest Practicable Date, we recorded a net exchange loss for the four months ended 31 August 2016 as disclosed in detail under the sub-section headed "Foreign currency exposure and exchange rate" in this section. In order to minimise our foreign currency risk, the invoicing currency with all our existing customers who were billed in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers. During the Track Record Period, the total revenue generated from two of the aforesaid customers only represented 2.9%, 4.1% and 7.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and we have only received payment from the third customer for their first order in August 2016. Despite the above, we may still be exposed to the depreciation of GBP against US$ as our UK customers could still wish to negotiate with the Group for lower purchase prices in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP as discussed in the section headed "Risk Factor — We are exposed to currency exchange rate fluctuations because we receive a majority of our revenue in US$ and GBP, but incur many of our expenses in other currencies. Future exchange rate fluctuations between the US$ and GBP and certain other currencies, such as RMB, may adversely affect our business." in this prospectus. Therefore, save for the above, our Directors do not expect our financial results to be materially affected by the depreciation of GBP against US$ in the future. In November 2016, our major customers from the UK have indicated that the expected purchase orders to be placed with the Group by them would be at a similar level for the next twelve months.

Our Directors noted some adverse media coverage in August 2016 (the "**Media Coverage**"), claiming Monsoon, our largest customer during the Track Record Period, was undergoing deteriorating financial performance recently. We were unable to verify the validity of such rumours and have no access to the recent financial performance of Monsoon. Nonetheless, based on Monsoon's latest published audited financial statements for the 52 weeks ended 29 August 2015 (the "**Monsoon Annual Report**") as well as our Group's recent business relationship with Monsoon, our Directors consider that the aforesaid rumours will not have any material adverse impact on our Group's business operations and financial performance going forward as (i) the Monsoon Annual Report stated that the strategic reorganisation programme was taken by Monsoon to develop "new routes to market with an emphasis on physical and online concession relationships. These represent significant growth opportunities in the UK and internationally for all three of our brands..."; (ii) for the years ended 30 April 2015 and 30 April 2016 and four months ended 31 August 2016, our sales to Monsoon contributed 41.2%, 44.2% and 41.2% of our total revenue for the corresponding period, respectively, which demonstrated that our sales to Monsoon were not materially adversely affected.

During the period from September 2016 up to the Latest Practicable Date, Monsoon has been making continuous payments to settle our accounts receivables. Our Company has not noticed any adverse changes in Monsoon's repayment pattern of accounts receivables. Based on the revenue and purchase volume generated from Monsoon during the Track Record Period, the average monthly revenue from Monsoon during the Track Record Period was approximately HK$4.8 million, HK$5.8 million and HK$6.1 million, respectively, with average monthly sales volume of approximately 58,000 units, 54,000 units and 62,000 units, respectively, for the corresponding period. Based on the unaudited revenue generated from Monsoon from September 2016 up to the Latest Practicable Date, the average monthly revenue from Monsoon was approximately HK$5.8 million and average monthly sales volume to Monsoon of approximately 58,000 units. As the average monthly revenue from Monsoon and average sales volume to Monsoon during the period from September 2016 up to the Latest Practicable Date is within the range of average monthly revenue from Monsoon and average monthly sales volume to Monsoon during the Track Record Period, our Company considers that there was no adverse change to the revenue and purchase volume from Monsoon from September 2016 up to the Latest Practicable Date. Furthermore, our Directors consider that our Group's business model is sustainable despite that significant sales were contributed by Monsoon during the Track Record Period. Please refer to the disclosure in the section headed "Business — Our customers — Customer concentration" in this prospectus.

As disclosed in this section and the sub-sections headed "Listing expenses" above and "Foreign currency exposure and exchange rate" below, the net profit of our Group for the year ending 30 April 2017 is expected to be affected by the estimated expenses in relation to the Listing and foreign exchange losses on GBP. Our Directors confirm that, save as disclosed in this section and the sub-sections headed "Listing expenses" above and "Foreign currency exposure and exchange rate" below, there has been no material adverse change in the market condition in the industry in which we operate or the financial or trading position or prospects of our Group since 31 August 2016 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus.

REASONS FOR AND BENEFITS OF THE LISTING AND THE SHARE OFFER

Our Directors believe that the Listing is beneficial for our Company and our Shareholders for the following reasons: (i) to capture the fast growing trend of the online apparel market; (ii) to have a platform for future fund raising; (iii) to increase our competitiveness in the apparel designing and sourcing services industry; (iv) to enable our Group to further enhance our sustainability; and (v) to achieve a broader shareholder base. Please refer to the section headed "Business — Reasons for and benefits of the Listing and the Share Offer" in this prospectus for further details.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the gross proceeds from the Share Offer based on the Offer Price of HK$5.25 per Share, being the mid-point of the indicative Offer Price range, will be approximately HK$42.0 million. Instead of deducting the total Listing expense from the gross proceeds from the Share Offer, our net proceeds will be approximately HK$40.7 million (after deducting the underwriting commission and related expenses of HK$1.3 million from the gross proceeds) as none of the Listing expenses will be settled by the gross proceeds from the Share Offer except for the underwriting commission and related expenses of HK$1.3 million. Our Directors currently intend to apply our net proceeds as follows:

Approximate percentage and amount of net proceeds	Utilised by year ending	Intended applications
61.9% or HK$25.2 million	31 October 2020	Further strengthening the relationships with our existing customers and developing relationships with new customers (included in this amount is the HK$17.9 million for the acquisition and decoration of a flagship showroom in Hong Kong)
10.6% or HK$4.3 million	31 October 2020	Further strengthening our design and development capabilities to enhance our business model
11.7% or HK$4.8 million	31 October 2020	Expanding the geographical base of the third-party suppliers and diversify our supplier base
6.0% or HK$2.4 million	30 April 2020	Enhancing our corporate image to attract customer attention
9.9% or HK$4.0 million	30 April 2019	General working capital and other general corporate uses

Please refer to the section headed "Statement of Business Objectives and Use of Proceeds" in this prospectus for further details.

FOREIGN CURRENCY EXPOSURE AND EXCHANGE RATE

During the Track Record Period, our sales to customers were denominated either in US$ or GBP. Following Brexit, after which the GBP has depreciated against US$ up to the Latest Practicable Date, we recorded a net exchange loss of approximately HK$2.5 million for the four months ended 31 August 2016 as a result of our trade receivables and bank balances that were denominated in GBP as at 31 August 2016. In order to minimise our foreign currency risk, the invoicing currency with all our existing customers who were being billed in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers. During the Track Record Period, the total revenue generated from two of the aforesaid customers only represented 2.9%, 4.1% and 7.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and we have only received payment from the third customer for their first order in August 2016. Despite the above, we may still be exposed to the depreciation of GBP against US$ as our UK customers could still wish to negotiate with the Group for lower purchase price in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP as discussed in the "Risk Factor — We are exposed to currency exchange rate fluctuations because we receive a majority of our revenue in US$ and GBP, but incur many of our expenses in other currencies. Future exchange rate fluctuations between the US$ and GBP and certain other currencies, such as RMB, may adversely affect our business." in this prospectus. Therefore, save for the above, our Directors do not expect our financial results to be materially affected by the depreciation of GBP against US$ in the future. We have not entered into any agreements to hedge our exchange rate exposure relating to GBP and there is no assurance that we will be able to enter into such agreements on commercially viable terms in the future. We are therefore vulnerable to GBP depreciation. Accordingly, there are no assurances that future exchange rate fluctuations between the GBP and certain other currencies will not adversely affect our business. During the Track Record Period, we generally paid our expenses to our Approved Suppliers and operating expenses for the Hong Kong office and staff costs in HK$, which we do not consider to have foreign exchange risk as HK$ is pegged to US$.

DIVIDENDS

After the Reorganisation, our Group declared an interim dividend of approximately HK$5.5 million and nil to JC International out of the distributable profit for the year ended 30 April 2016 and the four months ended 31 August 2016, respectively. As approved by our Board, JC BVI and JC HK, the distribution of interim dividend was offset with the amount due from Mr. Charles Choi. Therefore, no cash was paid for such dividend declared during the year ended 30 April 2016 and the four months ended 31 August 2016. We currently do not intend to pay any dividends and we do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant.

RISK FACTORS

There are risks associated with your investment in the Offer Shares, among which, the relatively material risks are (i) we rely on a few major customers; (ii) we do not have long-term purchase agreements with our customers, and therefore they have no commitment to place future orders with us, which exposes us to the risk of uncertainty and potential volatility in our revenue; (iii) our customers rely on our ability to respond to changes in end consumers' preference in a timely manner; (iv) if there is a significant decrease in the orders from our customers in the UK, we cannot guarantee that we would be able to make up the loss of sales from other markets; and (v) we operate in a competitive market and the intense competition we face may lead to a decline in our Company's market share and lower profit margins.

You should read the entire section headed "Risk Factors" in this prospectus carefully before you decide to invest in the Offer Shares.

SHARE OFFER STATISTICS

The Share Offer comprises: (i) Public Offer of initially 800,000 Public Offer Shares (subject to adjustment) in Hong Kong; and (ii) the Placing of initially 7,200,000 Placing Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus. The following table sets out certain offering related data, assuming that the Share Offer has been completed:

	Based on the Offer Price of HK$4.75 per Offer Share	**Based on the Offer Price of HK$5.75 per Offer Share**
Market capitalisation at the Listing *(in million)*	HK$152	HK$184
Unaudited pro forma adjusted net tangible assets per Share	HK$1.65	HK$1.89

Please refer to the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for further details.

For the purpose of this prospectus, the following expressions shall have the following meanings unless the context otherwise requires. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Application Form(s)"	**WHITE** application form(s) and **YELLOW** application form(s) or, where the context so requires, any of them
"Approved Suppliers"	the suppliers of our Company which have been approved by our Company
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company adopted by our Company on 21 February 2017 which shall become effective upon commencement of trading of the Shares on GEM from time to time, a summary of which is set out in Appendix III to this prospectus
"Baker Tilly"	Baker Tilly Hong Kong Risk Assurance Limited, the internal control consultant of our Group
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 23,999,900 Shares to be made upon capitalisation of part of the premium account of our Company as referred to in the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 21 February 2017" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by the HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Company"	SG Group Holdings Limited (樺欣控股有限公司) (formerly known as S&G Holdings Co. Ltd. (樺欣控股有限公司) and JC Fashion Group Limited), an exempted company incorporated in the Cayman Islands with limited liability on 8 October 2015
"Companies Law" or "Cayman Islands Company Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules and unless the context requires otherwise, refers to Mr. Charles Choi and JC International
"Deed of Indemnity"	the deed of indemnity dated 21 February 2017 provided and executed by our Controlling Shareholders in favour of our Company relating to, among other matters, the tax liabilities of our Group as referred to in the section headed "Statutory and General Information — H. Other information — 4. Tax and other indemnities" in Appendix IV to this prospectus

"Deed of Non-Competition"	the deed of non-competition dated 21 February 2017 provided by our Controlling Shareholders in favour of our Company relating to the non-competition undertaking, as more particularly set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-Competition" in this prospectus
"Director(s)"	the director(s) of our Company
"Elegant Fashion"	Elegant Fashion (Yudu) Co., Ltd.* (創利達時裝(于都)有限公司), a limited liability company established in the PRC on 26 January 2011 and wholly-owned by KC HK
"EU"	the European Union
"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan International Limited, the industry consultant of our Company and an Independent Third Party
"Frost & Sullivan Report"	the industry report prepared by Frost & Sullivan and commissioned by our Company
"GAAP"	generally accepted accounting principles
"GBP"	pound sterling, the lawful currency of the United Kingdom
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange as amended, supplemented or otherwise modified from time to time
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Group", "our Group", "we" or "us"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries and the business operated by such subsidiaries or their predecessors (as the case may be)
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute of Certified Public Accountants

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK$" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which, to the best of our Directors' knowledge, information and belief, is not connected with (within the meaning of the GEM Listing Rules) any of our Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective close associates
"JC BVI"	JC Fashion Group Limited, a BVI business company incorporated in the BVI with limited liability on 22 September 2011 and a direct wholly-owned subsidiary of our Company
"JC Design"	JC Design & Consultancy Company Limited (formerly known as Wintako Fashion Group Company Limited (永得高時裝集團有限公司)), a limited liability company incorporated in Hong Kong on 17 November 2014 and an indirect wholly-owned subsidiary of our Company
"JC HK"	JC Fashion Group Limited (旺利多時裝集團有限公司), a limited liability company incorporated in Hong Kong on 1 April 2010 and an indirect wholly-owned subsidiary of our Company
"JC International"	JC Fashion International Group Limited, a BVI business company incorporated in the BVI with limited liability on 5 October 2015 and is directly wholly-owned by Mr. Charles Choi and is one of our Controlling Shareholders
"JC UK"	JC Fashion (UK) Company Limited, a private limited company incorporated in the United Kingdom on 29 May 2014 and an indirect wholly-owned subsidiary of our Company

"Joint Bookrunners" or "Joint Lead Managers"	Anglo Chinese Securities, Limited and Dongxing Securities (Hong Kong) Company Limited
"KC BVI"	KC Global (Holdings) Limited, a limited liability company incorporated in the BVI on 22 September 2011 and is directly wholly-owned by an Independent Third Party
"KC Group"	KC BVI and its subsidiaries, including KC HK, KC Shenzhen and Elegant Fashion
"KC HK"	KC Global (Holdings) Limited (港絲國際集團有限公司) (formerly known as KC Globe (Holding) Limited (港絲國際(集團)有限公司)), a limited liability company incorporated in Hong Kong on 15 November 2006 and is directly wholly-owned by KC BVI, an Independent Third Party
"KC Shenzhen"	港絲時裝(深圳)有限公司 (KC Fashion (Shenzhen) Limited*), a limited liability company established in the PRC on 30 October 2008 and is directly wholly-owned by KC HK, an Independent Third Party
"Latest Practicable Date"	21 February 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein prior to its publication
"LIBOR"	London Interbank Offered Rate
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date on which trading of the Shares first commences on GEM, which is expected to be on or about Tuesday, 21 March 2017
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company to be adopted and as amended from time to time
"Mr. Benny Choi"	Mr. Choi Ching Shing (蔡清丞), also known as Mr. Benny Choi, elder half-brother of Mr. Charles Choi and our executive Director

"Mr. Charles Choi"	Mr. Choi King Ting, Charles (蔡敬庭), younger half-brother of Mr. Benny Choi, our executive Director, chairman, chief executive officer and one of our Controlling Shareholders
"Mr. Joseph Choi"	Mr. Choi Yip Leung, Joseph (蔡業良), father of Mr. Charles Choi and Mr. Benny Choi and the founder of JC HK
"Ms. Kate Tang"	Ms. Tang Wing Sze, Kate (鄧穎思), spouse of Mr. Charles Choi
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK$5.75 per Offer Share and is expected to be not less than HK$4.75 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Offer Shares"	collectively, the Placing Shares and Public Offer Shares
"Placing"	the conditional placing of the Offer Shares by the Placing Underwriters on behalf of our Company for cash at the Offer Price with selected professional, institutional and/or other investors in Hong Kong as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 7,200,000 new Shares initially being offered by our Company at the Offer Price for subscription under the Placing subject to the terms and conditions as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing to be entered into between, amongst others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, and the Underwriters, particulars of which are summarised in the section headed "Underwriting — Underwriting arrangements and expenses" in this prospectus
"PRC" or "China"	the People's Republic of China, which, for the purpose of this prospectus, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Price Determination Agreement"	the agreement to be entered into between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to fix and record the Offer Price
"Price Determination Date"	the date, expected to be on or about Friday, 10 March 2017 or such later date as the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company may agree, on which the Offer Price is to be fixed, but in any event not later than Monday, 13 March 2017
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 800,000 new Shares (subject to reallocation) initially being offered by our Company for subscription in the Public Offer, as described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer Shares whose names are set out in the section headed "Underwriting — The Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement relating to the Public Offer entered into by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, and the Public Offer Underwriters on or around 27 February 2017, details of which are set forth in the section headed "Underwriting" in this prospectus

"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Securities"	has the meaning ascribed to it in the section headed "Summary — Shareholders Information" in this prospectus
"Reorganisation"	the reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in the sections headed "History and Corporate Structure — Reorganisation" and "Statutory and General Information — E. Corporate reorganisation" in Appendix IV to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Sole Sponsor"	Anglo Chinese Corporate Finance, Limited, a licensed corporation registered under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of regulated activities as defined in the SFO, being the sole sponsor of the Listing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Track Record Period"	the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland

"United States" or "US"	the United States of America
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in US$ or HK$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

In this prospectus, the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "controlling shareholder(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meaning ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Translated English names of the PRC natural persons, legal persons, governmental authorities and departments, institutions, facilities, certificates, titles and the like, or any descriptions for which no official English translation exists are unofficial translations from their corresponding Chinese names and included for identification purposes only. In the event of inconsistencies, the Chinese name(s) shall prevail. English translation of company names in Chinese or another language which are marked with "*" is for identification purpose only.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Group and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"AQL"	the Acceptable Quality Level standard which is a quality inspection standard used internationally in the apparel industry to examine the quality of finished products. The standard refers to the maximum number of defects that could be considered acceptable during the random sampling of an inspection
"Brexit"	a term used to refer to the UK's referendum decision to leave the EU and is a shortened version of "British Exit"
"BV"	Bureau Veritas, a testing, inspection and certification solution provider for the global consumer, electrical, wireless and automotive markets
"ERP"	Enterprise Resource Planning, a system that integrates internal management information across an entire organisation, embracing finance, sales and services through the use of an integrated software application
"ETI Base Code"	an internationally recognised code of labour practice founded on the conventions of the International Labour Organisation
"FOB"	an acronym for free on board, which means that the seller pays for transportation of the goods to the port of shipment, plus loading costs
"Four-Point System"	a visual examination of fabric, whereby defects in fabric are assigned points according to the size and significance of the defect. If the total defect points for a fabric exceeds a certain number it will be rejected
"SCM"	supply chain management
"Sedex"	a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains
"SGS"	an inspection, verification, testing and certification company with a network of more than 1,650 offices and laboratories around the world.
"sq.ft."	square feet

Our Company has included in this prospectus forward-looking statements that are not historical facts, but relate to our Group's intentions, beliefs, expectations or predictions for future event and conditions which may not occur. These forward-1ooking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business” and “Financial Information” in this prospectus, which are, by their nature, subject to risks and uncertainties.

In some cases, you can identify these forward-looking statements by words such as “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” or similar expressions or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group’s operation and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general;
- the future development and trends in our Group's industry; and
- risks identified under the section headed “Risk Factors” in this prospectus.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our Group's control. In addition, these forward-looking statements reflect our Group's current views with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, without limitation, those discussed under the section headed “Risk Factors” in this prospectus.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

Potential investors should carefully consider all of the information set forth in this prospectus and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. The trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We rely on a few major customers.

We rely on the apparel designing and sourcing business from a few major customers. Sales to our top five customers were approximately HK$115.3 million, HK$126.7 million and HK$52.5 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and accounted for approximately 82.2%, 79.8% and 87.9% of our total sales for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Sales to our top customer were approximately HK$57.8 million, HK$70.2 million and HK$24.6 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and accounted for approximately 41.2%, 44.2% and 41.2% of our total sales for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

We cannot assure you that our major customers will continue to do business with us at the same or increased levels or at all. If any of these major customers were to substantially reduce the volume and/or the value of the orders they place with us or to cease to conduct business with us as we have not entered into any long-term purchase agreements with our customers, there is no assurance that (i) we would be able to obtain orders from new customers or other existing customers to make up for such loss of sales; or (ii) even if we would be able to obtain other orders, they would be on commercially comparable terms. In such circumstances, our business and our results of operations would be materially and adversely affected. Similarly, our business and results of operations would be materially and adversely affected if any of our major customers undergo deteriorating financial performance (such as that mentioned in the Media Coverage as discussed in the section headed "Summary — Recent development" in this prospectus) and substantially reduce their order with us.

We do not have long-term agreements with our customers, and therefore they have no commitment to place future orders with us, which exposes us to the risk of uncertainty and potential volatility with respect to our revenue.

We generally do not enter into long-term agreements with any of our customers. Purchases are typically made on an order-by-order basis with no commitment for our customers to place further orders with us. Consequently, most of our customers, including our top five customers, may cancel, reduce or defer future orders at will.

The volume of our customers' orders and our product offerings may vary significantly from period to period and it is difficult for us to forecast future order quantities. There are no assurances that any of our customers will continue to place orders with us in the future at the same level as in the current or prior periods, or even at all. As a result, our business operations, financial conditions and results of operations may vary from period to period and may fluctuate significantly in the future. If any or a number of our customers cease to place orders with us and if there is insufficient time for us to obtain alternative orders, our business, financial performance and results of operations would be materially and adversely affected.

Our customers rely on our ability to respond to changes in end consumers' preferences in a timely manner.

Our design and sourcing services include the provision of apparel product design services to our customers. Our Directors believe that our success is, to a significant extent, attributable to the ability of our Group's design and development team to understand the respective apparel markets of our customers and design desirable apparel products which are responsive and kept abreast with the changes in our end consumers' preferences. Due to the highly subjective nature of the apparel market and the rapid change in apparel trends, we may be unable to capture or predict the future fashion trend and continue to develop appealing design for our customers. If we fail to (i) capture, predict or respond timely to our customers' and/or end consumers' preference; or (ii) introduce appealing and commercially viable apparel designs in a timely manner, our business and results of operations may be materially and adversely affected.

If there is a significant decrease in orders from our major customers in the UK, we cannot guarantee that we would be able to make up the loss of sales from other markets.

During the Track Record Period, most of our revenue has derived from our sales to our customers in the UK which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue, respectively. Economic and political factors impacting the UK market in particular may adversely affect the spending habits of its consumers and, therefore, the purchasing decisions of our UK customers. If there is a significant decrease in the orders from our customers in the UK, we cannot guarantee that we can increase orders from other markets to supplement the loss of sales. This would materially and adversely affect our business operations and financial results. For specific risks relating to our business operations involving the UK customers, please refer to the sub-section headed "Risks relating to the UK" below.

We operate in a competitive market and the intense competition we face may lead to a decline in our Company's market share and lower profit margins.

The market for apparel design and sourcing services is highly fragmented and competitive. Participants in this market compete on, among other things, product design, product variety, product quality, price and the ability to meet delivery commitments to customers. Furthermore, customers are continuously demanding higher quality, shorter lead times and lower prices from their suppliers. As a result, our future success will depend on our ability to maintain an efficient, timely and cost-effective service while delivering high-quality products. If we fail to do so, we may lose market share to other faster-growing competitors or we may be forced to, among other actions, reduce prices and further increase expenditures on product design and development, which may in turn materially and adversely affect our Group's business, financial condition and results of operations.

We are exposed to credit risk from our customers.

As at 30 April 2015, 30 April 2016 and 31 August 2016, approximately 74.1%, 63.2% and 80.6%, respectively, of our total trade receivables were due from our five largest customers and approximately 8.0%, 20.3% and 13.8%, respectively, of our total trade receivables were due from our top customer. As at 30 April 2015, 30 April 2016 and 31 August 2016, approximately 78.0%, 77.0% and 87.0%, respectively, of our total trade receivables were due from the five largest debtors (all being customers) and approximately 25.0%, 26.6% and 51.2%, respectively, of our total trade receivables were due from the largest debtor (being a customer). We cannot assure you that our customers will pay us on time and that they will be able to fulfill their payment obligations. Should we experience any unexpected delay or difficulty in collections from our customers, our operating results and financial condition may be adversely affected. Further, we may be exposed to further credit risks from new customers and from providing credit to our existing customers. As a result, we cannot assure you that the risk of default by both our existing and new customers will not occur in the future.

We are exposed to currency exchange rate fluctuations because we receive a majority of our revenue in US$ and GBP, but incur many of our expenses in other currencies. Future exchange rate fluctuations between the US$ and GBP and certain other currencies, such as RMB, may adversely affect our business.

During the Track Record Period, our sales to customers are denominated either in US$ or GBP. During the Track Record Period and following the Brexit, GBP has been depreciated against US$ as follows: (i) the daily average exchange rate of GBP against US$ depreciated by approximately 6.0% from approximately 1.598 GBP/US$ for the year ended 30 April 2015 to approximately 1.503 GBP/US$ for the year ended 30 April 2016; (ii) the daily average exchange rate of GBP against US$ depreciated by approximately 8.5% from approximately 1.503 GBP/US$ for the year ended 30 April 2016 to approximately 1.375 GBP/US$ for the four months ended 31 August 2016; (iii) the daily average exchange rate of GBP against US$ depreciated by approximately 8.3% from approximately 1.375 GBP/US$ for the four months ended 31 August 2016 to approximately 1.260 GBP/US$ for the four months ended 31 December 2016; and (iv) the daily average exchange rate of GBP against US$ depreciated by approximately 1.5% from approximately 1.260 GBP/US$ for the four months ended 31 December 2016 to approximately 1.241 GBP/US$ for the period from January 2017 up to the Latest Practicable Date. On the other hand, although increase in foreign exchange loss was noted during the Track Record Period, decrease in foreign exchange loss was noted for the four months ended 31 December 2016. The foreign exchange loss for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 were approximately HK$0.4 million, HK$0.7 million and HK$2.5 million, respectively. Based on the latest unaudited management account of the Group, the foreign exchange loss for the four months ended 31 December 2016 was approximately HK$1.6 million. We have not entered into any agreements to hedge our exchange rate exposure relating to GBP and there is no assurance that we will be able to enter into such agreements on commercially viable terms in the future. Despite the invoicing currency with all our existing customers who were billed in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers, we may still be exposed to the depreciation of GBP against US$ as our UK customers could still wish to negotiate with the Group for lower purchase price in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP. We are therefore vulnerable to GBP depreciation. In addition, although our invoice to Approved Supplier are mainly denominated in HK$, which is pegged to US$, our profitability may be affected by the exchange rate fluctuation between HK$ and RMB, which would affect our bargaining position to negotiate more favorable terms with our Approved Suppliers that were based in the PRC. Accordingly, there are no assurances that future exchange rate fluctuations between the US$ and the GBP and certain other currencies, such as RMB, will not adversely affect our business.

We do not have our own manufacturing capability and we are dependent on our Approved Suppliers for the production of apparel products.

During the Track Record Period, all of the apparel products that we supplied to our customers were manufactured by our Approved Suppliers.

As a result, the reliability and efficiency of our Approved Suppliers play an important part in our apparel designing and sourcing services. There is no assurance that our Approved Suppliers will continue to be able or willing to supply apparel products to us at our desired quality, in a timely manner and/or on commercially comparable terms. If any of our Approved Suppliers terminate their business relationships with us or if there were changes to the current arrangements, we may not be able to source suitable products from alternative Approved Suppliers in a timely manner and/or on commercially comparable terms. This could result in delay in our production schedule and adversely affect our ability to fulfil customers' orders and in turn adversely affect our sales and gross profit margin. As we only signed framework agreements with a number of our major Approved Suppliers, which do not specify terms such as quantities and price of products, the terms of services provided by our Approved Suppliers depend on the actual order from our customers which may also be susceptible to fluctuations with regard to pricing, timing and quality.

Further, the stability of operations and performance of our Approved Suppliers will also affect us. If there is any disruption to our Approved Suppliers' operations from natural or other causes, such as weather, natural disaster, fire or other technical and mechanical difficulties, then their production schedules could be delayed, causing knock-on delays in our delivery schedules and impair our ability to fulfil adequately our customers' orders. This could adversely affect our apparel sourcing services, we may not be able to meet our commitments to our customers and may have an adverse impact on our business reputation. We may also incur significant additional costs which we may not be able to pass along to our customers and in turn could have a material adverse effect on our business, financial condition and results of operations.

Any failure to maintain an effective quality management system may have a material adverse effect on our reputation, operations and financial condition.

As an apparel sourcing provider, we rely on our internal quality control system and external inspector to ensure the levels of quality in different areas of our services. If there is any significant failure or deterioration of our quality management system or of our external inspector, or if we fail to meet or conform to the required specifications of our customers, such failure and any subsequent negative publicity, could result in our loss of sales. Such loss of sales could have a material adverse effect on our business reputation, results of operations and financial conditions.

If any significant amount of payments cannot be collected from our customers in the future, our financial conditions and results of operations could be adversely affected.

There are no assurances that all our customers will continuously maintain a good practice of making timely payments to us according to the relevant contractual arrangements. If any significant amount of payments cannot be collected from our customers in the future, for example, our financial conditions and results of operations could be adversely affected. If we adopt a different practice with our customers, such as requiring them to pay before delivery, our relationship with them may deteriorate and they may cease to place orders with us. This may also adversely affect our business and financial performance.

Fluctuations in the price, availability and quality of raw materials could affect our Approved Suppliers, which would then result in increased costs for us.

As sourcing raw materials for our customers is a service mainly provided by our Approved Suppliers, our business is dependent on their ability to source sufficient supply of raw materials such as fabric that meet our and our customers' specifications, including good quality, satisfactory prices and delivery in a timely manner. The availability of raw materials may be affected by many factors beyond our control, including natural disasters such as droughts, floods and earthquakes, seasonal fluctuations, climate conditions, economic conditions, customer demand and governmental regulations. A material shortage in the supply of raw materials will affect production and delivery schedules of our Approved Suppliers and our customer's perception of our sourcing ability. Raw material suppliers may take into account many factors, among other things, demand and supply when fixing the prices of their raw materials. Increases in raw material prices will adversely affect our gross profit margin if such additional costs are passed on to us by our Approved Suppliers and we are unable to pass such additional costs to our customers.

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 businesses with us.

Our customers are facing increasing pressure to ensure that labour practices and factory conditions in relation to their products meet certain social responsibility standards. Accordingly, a number of our customers require their suppliers to fulfil their own corporate social responsibility standards or those set out under independent programmes. There can be no assurance that we will discover violations of social responsibility and social compliance standards by the Approved Suppliers in a timely manner. If any of the Approved Suppliers fails to remedy a violation, we may cease to allocate orders to them and may be required to re-direct unfulfilled orders to other Approved Suppliers. This could delay our supply chain services and increase our costs, and consequently, reduce our profitability. We could also experience significant damage to our reputation and affected customers may discontinue our services which could adversely affect our business.

A material disruption of our information technology systems could adversely affect our apparel design and sourcing services.

Our ability to fulfil orders from our customers is dependent on our efficient, proper and uninterrupted operations. We rely on our information technology systems, particularly our ERP system, to monitor and control the provision of our apparel SCM services, by accessing information on each customer's orders, the status of incomplete orders, unpaid invoices and whether each stage of the apparel supply chain has been completed. Our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disaster, systems failures, security breaches or viruses. Any such damage or interruption could have an adverse effect on our business and prevent us from paying our Approved Suppliers or employees, or receiving payments from our customers, or performing other services required by our business on a timely basis. The failure of our information technology systems to perform in accordance with our expectations could disrupt our business operations and may result in unexpected and unplanned capital expenditures. This would adversely affect our business, financial conditions and the efficiency of our apparel design and sourcing services.

Our business performance depends on our ability to retain the services of our senior management and key personnel, and any failure in retaining any one of them may adversely affect our financial condition and results of operations.

Our business performance depends, to a significant extent, on the continued services and the performance of the senior members of our management team and key personnel such as Mr. Charles Choi, Mr. Benny Choi and Ms. Lau Wai Ching, Maggie, who have substantial management and operational experiences in the apparel industry. Our Directors believe that these persons possess the relevant knowledge, experience and skills, especially in their familiarity with our business and substantial expertise in apparel SCM services. Therefore, they are essential to us in carrying out our business and future plans. However, there are no assurances that the services of our senior management team can be retained. If we lose the service of any such personnel, and we fail to recruit replacements with the required knowledge, experience and qualifications, then our business may be disrupted and our financial condition and results of operations may be adversely affected.

Product liability and product recall may adversely affect our Group's results or operations.

We are obliged to ensure the apparel products supplied for sale are safe and bear the appropriate safety warnings depending on the nature of product in question. Our Company requires our suppliers to satisfy certain standards regarding the quality and specifications of our apparel products. However, it is possible that the apparel products manufactured by one or more of our suppliers may at some point cause or have the risk of causing injury or damage in a way that exposes our Group to liability and/or requires our Group to undertake a product recall. In the event of a product recall being required in circumstances where the financial consequences are not satisfied by one of our Group's suppliers, it may have a material adverse effect on our Group's business, financial condition and results of operations, as well as our reputation and brand. Even if an event causing a product recall proved to be unfounded or if a product liability claim against our Group was unsuccessful or not fully pursued, the negative publicity surrounding any assertion that the product our Group supplies caused injury or damage, or any product recall or allegation that the product our Group sells are defective, could materially and adversely affect our reputation with our existing and potential new customers and our corporate and brand image. For further details on the regulations surrounding product liability, please refer to the section headed "Regulatory Overview" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, there was no material product recall that has adversely affected our Group's results or operations.

We have limited bargaining power to negotiate the terms of arrangement, contracts and/or purchase orders with our customers.

Our customers are fashion retailers and we rely on them to generate revenue. As such, we have limited bargaining power to negotiate the terms of arrangements, contracts and/or purchase orders with our customers. Our customers retain discretion in determining the terms of the arrangements, contracts and/or purchase orders, including but not limited to payment terms, quality control terms, intellectual property rights terms, delivery terms such as risks of loss pass on completion of quality control procedures of such goods by our customers or upon the sales of such goods by our customers to a third party. While we seek to transfer such potential risks and losses to our Approved Suppliers, there is no assurance that our Approved Suppliers will accept or bear all such risks and losses in the event that our customers make a claim against us. If our customers impose a term which is not favourable to us and we are not able to recover such losses from our Approved Suppliers, our financial position and business operations may be adversely affected.

Our insurance coverage may be inadequate to protect us from potential loss.

There is no certainty that we will be able to claim successfully any of our losses under our current insurance policy on a timely basis. As at the Latest Practicable Date, we do not maintain business interruption or key-man life insurance. The occurrence of business interruption or our senior management team members departing may result in us incurring substantial costs and diversion of our resources. Our insurance coverage may not be sufficient to prevent us from such loss. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business and financial condition could be materially and adversely affected.

We do not maintain product liability insurance for our apparel products. Any product liability claim against us and any legal proceedings, arbitration or administrative sanctions or penalties arising therefrom, irrespective of the outcome or the merits of such claims, would adversely affect our business, financial condition, results of operations as well as our corporate image and reputation. Even if we are able to defend any such claim successfully, we cannot assure you that our customers will not lose confidence in our apparel products as a result of such claim, which may in turn adversely affect our future business. In addition, any product liability claim could result in significant costs and expenses which may or may not be recoverable. There is no assurance that no product liability claims will be made against us in the future.

We would seek to claim against our Approved Suppliers if any of our customers brings a claim against us for product liability. As a purchaser of products from our Approved Suppliers, we may initiate product liability claims against our Approved Suppliers pursuant to our contracts with our Approved Suppliers for losses arising from manufacturing defects in breach of the contracts. For details of the general terms of our contracts with major Approved Suppliers, please refer to the paragraph headed "Business — General terms of contracts with major Approved Suppliers" in this prospectus. We cannot assure that we will successfully claim against our Approved Suppliers. Any product liability claim could result in significant costs and expenses which may or may not be recoverable. If we are unsuccessful in our claim against our Approved Suppliers, we will have to bear the sum successfully claimed by our customers against us and it would adversely affect our business, financial condition, results of operations and our corporate image and reputation. Even if we succeeded in our claim against our Approved Suppliers, they may not be able of take on such product liability risks due to their financial difficulties. Therefore, we may still be exposed to product liability claims in the future.

Our new product lines may not be commercially viable or successful.

As part of our strategy, we plan to diversify into other products, such as menswear, and to expand our range of womenswear and childrenswear. The development of such new product lines requires us to allocate significant operational and financial resources. In addition, the development of these products may require management and technical expertise which are significantly different from that required for our current product lines. We cannot assure you that we will have the requisite resources and expertise to undertake such developments. If our efforts are unsuccessful, our reputation could erode, and our financial condition and results of operations could be adversely affected.

Our sales volume is sensitive to seasonality.

We have historically experienced seasonal fluctuations in our sales in which a higher level of sales normally occurred in January and February of each calendar year as our Approved Suppliers generally suspend production for three to four weeks to celebrate Chinese New Year holiday. Please refer to the section headed "Business — Our customers — Seasonality" in this prospectus for further details. As a result of these fluctuations, comparisons of sales and results of operations between different periods within a financial year, or between different periods in different financial years cannot be relied on as indicators of our performance. Furthermore, any change in customers' spending patterns and demands, market trends or timing of festival seasons may intensify such fluctuations and adversely or seasonally affect our business, financial condition and results of operations.

We may not be able to implement successfully our business objectives and our expansion plans may not be successful.

Our business objectives are accomplished by implementing various future business plans. Our Directors believe that our future success depends on our ability to expand continually our base of Approved Suppliers and customers, and broaden our product offerings. However, such expansion plan is formulated based on assumptions as to the occurrence of certain future events, which may or may not materialise, and thus it is subject to a series of uncertainties and risks, including but not limited to:

- lack of sufficient capital financing and potential ongoing financial obligations;
- failure to achieve the intended level of profitability;
- delays or difficulties in securing suitable new outsourced manufacturers; and
- diversion of resources and management attention.

As such, there is no assurance that our expansion plan will materialise within the planned time frame, or at all, or that our business objectives will be fully or partially accomplished. In the event that we fail to accomplish our expansion plan or to do so in a timely manner, we may not be able to achieve our planned future business growth and our operating results may be adversely affected.

We expect to incur significant costs in connection with the expansion of our business. If we are unable to generate sufficient revenue from our business or our financial needs are larger than expected, we may need to raise funds from debt or equity financing means. Alternatively, we may need to make certain modifications to our current intended use of proceeds as described in the section headed "Statement of Business Objectives and Use of Proceeds" in this prospectus, which could have an adverse effect on our operations and future profitability.

We also face the risk that our existing management staff, design and development capabilities, and internal control systems and other systems and procedures may be inadequate to support our expansion plan. If we fail to continue to improve our infrastructure, management or operational systems required to support our expansion plan, we may be unable to achieve our expansion objectives and our business operations may be adversely affected.

We may not be able to sustain our historical financial performance and may encounter difficulties in sustaining profitability.

Our total revenue amounted to approximately HK$140.3 million, HK$158.8 million and HK$59.7 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Our gross profit for each of the year ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 was approximately HK$24.6 million, HK$36.3 million and HK$13.5 million, respectively. Our gross profit margin for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 was approximately 17.5%, 22.9% and 22.7%, respectively. For further details, please refer to the section headed "Financial Information — Description of selected components of consolidated statements of comprehensive income — Gross profit and gross profit margin" in this prospectus. Our net profit margin was 5.4%, 11.0% and 0.5% for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and our return on equity was 59.9% and 58.0% for the years ended 30 April 2015 and 30 April 2016, respectively. However, our revenue, profit and return on equity during the Track Record Period may not be indicative of our future performance and we may encounter difficulties in sustaining our current profitability. Our future revenue and profitability depend on a number of factors, including the successful implementation of our future plans as stated in the section headed "Statement of Business Objectives and use of proceeds" in this prospectus. Our gross and net profit margins also depend on factors including the selling prices of our products and sales volumes which are outside our control, and therefore we cannot assure you that we will be able to maintain the current level of profit margins in the future. Investors should be aware that we can offer no assurances that we will be able to increase or maintain our historical revenue, profit levels or return on equity.

Extraordinary events such as epidemics, natural disasters, political unrest and terrorist attacks could materially and adversely affect our business.

Our Group's operations are subject to uncertainties and contingencies, such as epidemics, natural disasters, fire, adverse weather conditions, political unrest, wars and terrorist attacks, which are beyond control. These extraordinary events could result in material disruptions in the operations of our Group and adversely affect our Group's business. Any such events could materially and adversely affect our Group's business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

Fluctuations in consumer spending caused by changes in macroeconomic conditions may materially and adversely affect our business operations, financial condition, results of operations and prospects.

Our customers' purchasing decisions and the quantity of orders they place with us, will be heavily influenced by the likely spending habits of their consumers. Such spending habits may be influenced by macroeconomic conditions in their country of residence. Changes and developments in global political, economic and financial conditions will in turn affect the volume of our business and performance.

If demand from end consumers is low, companies operating in the apparel design and sourcing services industry may experience significant reductions in orders and greater pricing pressures from customers. Other factors such as the imposition of new trade barriers, sanctions, boycotts and other measures, trade disputes, labour disputes, disruptions to the transportation industry, as well as acts of war or hostilities, could delay or prevent the delivery of apparel products to customers in the UK or elsewhere, or even reduce demand for apparel products. If this were to occur, there would be material adverse effect on our business operations, financial condition, results of operations and prospects.

Increased inspection procedures, tighter import and export controls and additional trade restrictions could increase our operating costs and cause disruption to our business.

The apparel industry is subject to various security and customs inspections and related procedures in countries of origin and destination as well as at transhipment points. Such inspection procedures can result in the seizure of apparel products and the levying of customs duties, fines or other penalties against exporters or importers. If these inspection procedures or other controls are further tightened, we may incur further costs and delays and our business could be harmed.

An increase in the minimum wage of apparel-making factory workers and pressure to improve working conditions may adversely affect our business operations and financial condition.

Pressure on the governments in countries including the PRC to increase the minimum wage of workers in apparel-making factories could increase the operating costs of our Approved Suppliers. This increase may then be passed on to our Group through an increase in product prices. If we are not able to pass on such additional costs to our customers or allocate such production work to other manufacturers of similar quality but lower prices, this may adversely affect our business operations and financial condition.

RISKS RELATING TO THE UK

We are subject to additional local laws and regulations, government policies and economic, social and political conditions of the respective jurisdictions in which we operate.

We may be subject to the local laws and regulations in the respective jurisdictions in which we operate. Any change to the relevant local government regulations or policies, whether relating to labour safety, tax treatment (including corporation tax rates, import duty and value added tax ("**VAT**"), environmental protection or any other aspects, may affect the operating costs of our sales. In addition, any political unrest could directly or indirectly cause strikes or labour unrest and could substantially disrupt our business and operations. This may in turn adversely affect our profitability and financial results. Further details on the laws of England and Wales regarding corporation tax, import duty and VAT, please refer to the section headed "Regulatory Overview" in this prospectus.

Our Group is exposed to risks related to the result of the referendum on the UK's membership of the EU.

Our Group faces potential risks associated with the result of the referendum on the UK's membership of the EU, which took place on 23 June 2016, and potential uncertainty following the outcome of the referendum. Brexit could affect the operational and regulatory regime to which our Group is currently subject in the UK. Brexit could also have an impact on the fiscal, monetary and regulatory landscape in the UK and could have a material impact on its economy and the future growth of its various industries, including those in which our Group and our UK customers operate. It could also result in prolonged uncertainty regarding aspects of the UK economy which may damage customers' and/or investors' confidence and/or reduce consumer spending in the UK. Any of these events could have an adverse effect on our Group's business, financial condition, results of operations and prospects.

We rely significantly on the UK market and any changes in the economic and regulatory conditions of the UK or changes in the business strategy of our UK customers, may have a material impact on our business.

For each of the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, revenue generated from the UK market accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the same periods, respectively, while revenue from the sales to other markets accounted for approximately 8.5%, 7.7% and 2.5% of our total revenue for the same periods, respectively.

If there is any change in the economic conditions of the UK or any change in the management or control of our UK customers, then our UK customers may change their business strategy which may cause their demand for apparel products which we procure for them to decrease, and this may have an adverse effect on our business performance, financial condition and results of operations.

Our sales to our customers are made on an order-by-order basis. For example, there may be a serious downturn in the overall economy of the UK or in the UK apparel retail industry; measures to tighten the UK credit policy may be introduced to control inflation in the UK; and policies unfavourable to the import of goods into the UK may deteriorate the financial condition and purchasing power of our customers in the UK. In addition, during periods of economic or political uncertainty, orders placed by our UK customers may be reduced. Our customers are not obliged to place orders with us, so order quantities can fluctuate depending on the profitability of our customers' businesses and their spending power. A renewed economic downturn in the UK or continued uncertainties regarding future prospects that affect consumer spending habits in the UK may have an adverse effect on the placing of orders by our customers. We can offer no assurances that we will be able to respond quickly to any economic, market or regulatory changes in the UK market, and any failure to do so may cause an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and the liquidity, market price and trading volume of our Shares may be volatile.

Prior to the Listing, there was no public market for our Shares. The Listing of, and the permission to deal in, our Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in our Group's revenues, earnings and cash flows, strategic alliances or acquisitions made by our Company or our Group's competitors, industrial or environmental accidents suffered by our Group, loss of key personnel, litigation or fluctuation in the market prices for our Group's products or raw materials, the liquidity of the market for our Shares, the general market sentiment regarding the industry could cause the market price and trading volume of our Shares to change substantially. In addition, both the market price and liquidity of our Shares could be adversely affected by factors beyond our Group's control and unrelated to the performance of our Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, you may not be able to sell our Shares at or above the Offer Price.

Issuance of additional Shares in the future may cause dilution of your shareholding in our Company.

We may need to raise additional funds due to changes in business conditions, or to finance our future plans, whether in relation to our existing operations, any acquisitions, or any expansion of our base of outsourced manufacturers. If additional funds are raised by way of the issuance of new Shares or equity-linked securities other than on a pro rata basis to existing Shareholders, then the shareholding percentage of our existing Shareholders may be reduced, the earnings per Share and the net asset value per Share would diminish and/or such newly issued securities may have rights, preferences and privileges superior to those of the Shares of our existing Shareholders.

Any disposal by our Controlling Shareholders of a substantial number of their Shares in the public market could materially and adversely affect the market price of our Shares.

There is no guarantee that our Controlling Shareholders will not dispose of our Shares following the expiration of their respective lock-up periods after the Listing. Our Group cannot predict the effect, if any, of any future sales of our Shares by any of our Controlling Shareholders, or that the availability of our Shares offered by any of our Controlling Shareholders for purchase may have on the market price of our Shares. Sales of a substantial number of our Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of our Shares.

Historical dividends are not indicative of future dividends and there is no assurance that we will pay dividends in the future.

Our Company declared an interim dividend of HK$5.5 million to JC International after the Reorganisation out of the distributable profit for the year ended 30 April 2016. Investors should not use such historical dividend as a reference or basis to determine the level of dividends that may be declared and paid by our Company in future. There is no assurance that dividends in the amount similar to or exceeding historical dividends or at all will be declared. The declaration, payment and amount of any future dividends are subject to the discretion of our Board, having considered factors including our Group's earnings, financial condition, cash requirements, applicable laws and other relevant factors. Please refer to the section headed "Financial Information — Dividends" in this prospectus.

RISKS RELATING TO THIS PROSPECTUS

Investors should read the entire prospectus carefully and should not rely on any information contained in press articles and/or other media coverage regarding us and the Share Offer.

Prior to the publication of this prospectus, and possibly subsequent to the date of this prospectus but prior to the completion of the Share Offer, there might have been press articles and/or media coverage regarding us and the Share Offer, which might include certain financial information, financial projections, and other information about us which do not appear in this prospectus. Such information might not be sourced from or authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Share Offer, hence none of these parties accept any responsibility for the accuracy or completeness of such information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press articles and/or other media coverage regarding us and the Share Offer. We cannot guarantee and make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. Accordingly, prospective investors are cautioned to make their investment decisions based solely on the information contained in this prospectus and should not rely on any other information.

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon.

Certain facts, statistics, and data presented in the section headed "Industry Overview" and elsewhere in this prospectus relating to the industry in which our Group's operation have been derived, in part, from various publications and industry-related sources prepared by government officials or Independent Third Parties. Our Company believes that the sources of the information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, our Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Group, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective affiliates or advisers nor any parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

The future results could differ materially from those expressed or implied by the forward-looking statements.

Included in this prospectus are various forward-looking statements that are based on various assumptions. The future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking Statements" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually take full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

(a) the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive;

(b) there are no other matters the omission of which would render any statement herein or this prospectus as a whole misleading; and

(c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall likewise not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of the respective directors, officers, agents, employees and/or representatives or any other person or parties involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in section headed "Structure and Conditions of the Share Offer" in this prospectus. The Listing is sponsored by the Sole Sponsor. The Share Offer is managed by the Joint Lead Managers. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by the Price Determination Agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is currently scheduled to be on or about Friday, 10 March 2017 or such later date as the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company may agree but in any event not later than Monday, 13 March 2017. If, for whatever reason, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to agree on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse. For full information relating to the determination of the Offer Price, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

APPLICATION FOR THE LISTING ON GEM

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on GEM. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. A total of 8,000,000 Offer Shares comprising the issue of 8,000,000 new Shares for subscription, representing 25% of our Company's issued share capital, will be in the hands of the public immediately following the completion of the Share Offer and upon the Listing. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares to be listed on GEM pursuant to this prospectus has been refused prior to the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the grant of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Tuesday, 21 March 2017 under the GEM stock code 8442.

Shares will be traded in board lots of 500 Shares each and are freely transferrable.

Our Company will not issue any temporary document of title.

HONG KONG SHARE REGISTRAR AND STAMP DUTY

All of the Shares will be registered in our Company's branch register of members to be maintained in Hong Kong by the branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong. Only securities registered on the register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange agrees otherwise.

Dealings in the Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or its joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in or the exercise of any rights in relation to, the Offer Shares. None of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any other persons involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated from Chinese into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in the prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. As a result, any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB, GBP and US$ have been converted into Hong Kong dollars, for the purpose of illustration only, at the rates of RMB1.00:HK$1.17, GBP1.00:HK$10.19 and US$1.00:HK$7.75, respectively. No representation is made that any amounts in US$, RMB or HK$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Choi King Ting, Charles (蔡敬庭)	House B Villa Dorada 126 Blue Pool Road Happy Valley, Hong Kong	Chinese
Mr. Choi Ching Shing (蔡清丞)	Flat B, 17th Floor Seaview Garden 31 Cloud View Road Hong Kong	Chinese
Independent non-executive Directors		
Mr. Lai Kwok Hung, Alex (黎國鴻)	Flat C, 19/F, Block II, The Belcher's 89 Pok Fu Lam Road Western District. Hong Kong	Chinese
Mr. Yeung Chuen Chow, Thomas (楊存洲)	Flat 2, 3/F, Block A Evergreen Villa 43 Stubbs Road Wan Chai, Hong Kong	Chinese
Mr. Cüneyt Bülent Bilâloğlu	Güntzelstraße 39 10717 Berlin, Germany	German

Please also refer to the section headed "Directors and Senior Management" in this prospectus for further details of our Directors.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Anglo Chinese Corporate Finance, Limited** *(a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO)* 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Anglo Chinese Securities, Limited** *(a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO)* 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong **Dongxing Securities (Hong Kong) Company Limited** *(a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)* 6805-6806A, International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
Auditors and reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountant* 35th Floor, One Pacific Place 88 Queensway Hong Kong

Legal advisers to our Company	*As to Hong Kong law* **Peter Yuen & Associates** **(in association with Fangda Partners)** 26th Floor, One Exchange Square 8 Connaught Place Central Hong Kong *As to Cayman Islands law* **Harney Westwood & Riegels** 3601, Two Exchange Square 8 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **Stephenson Harwood** 18th Floor, United Centre 95 Queensway Hong Kong
Industry consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Internal control consultant	**Baker Tilly Hong Kong Risk Assurance Limited** 2nd Floor, 625 King's Road North Point Hong Kong
Compliance adviser	**Anglo Chinese Corporate Finance, Limited** *(a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO)* 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Receiving bank	**The Bank of East Asia, Limited** 10 Des Voeux Road Central Central Hong Kong

Registered office in the Cayman Islands	4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman, KY1-1002 Cayman Islands
Head office and principal place of business in Hong Kong	Unit 2, 3rd Floor Fook Hong Industrial Building 19 Sheung Yuet Road Kowloon Bay Hong Kong
Company's website	http://www.jcfash.com *(information contained in this website does not form part of this prospectus)*
Compliance officer	Mr. Choi King Ting, Charles (蔡敬庭)
Company secretary	Ms. Tsang Oi Yin (曾藹賢) *(HKICS, ICSA)* Flat A, 18/F Yen Yee Mansion 29-33 Soares Avenue Ho Man Tin Kowloon, Hong Kong
Authorised representatives *(for the purpose of the GEM Listing Rules)*	Mr. Choi King Ting, Charles (蔡敬庭) House B Villa Dorada 126 Blue Pool Road Happy Valley, Hong Kong Ms. Tsang Oi Yin (曾藹賢) Flat A, 18/F Yen Yee Mansion 29-33 Soares Avenue Ho Man Tin Kowloon, Hong Kong

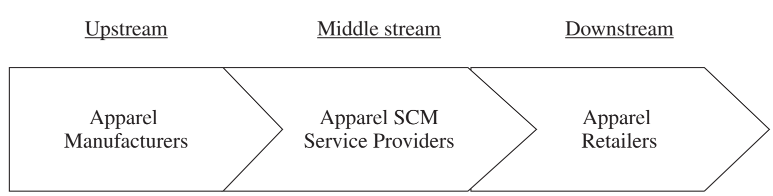
Audit and risk management committee	Mr. Lai Kwok Hung, Alex (黎國鴻) *(Chairman)* Mr. Yeung Chuen Chow, Thomas (楊存洲) Mr. Cüneyt Bülent Bilâloğlu
Remuneration committee	Mr. Yeung Chuen Chow, Thomas (楊存洲) *(Chairman)* Mr. Choi King Ting, Charles (蔡敬庭) Mr. Cüneyt Bülent Bilâloğlu
Nomination committee	Mr. Choi King Ting, Charles (蔡敬庭) *(Chairman)* Mr. Yeung Chuen Chow, Thomas (楊存洲) Mr. Cüneyt Bülent Bilâloğlu
Cayman Islands principal share registrar and transfer office	**Harneys Services (Cayman) Limited** 4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman, KY1-1002 Cayman Islands
Hong Kong branch share registrar and transfer office	**Boardroom Share Registrars (HK) Limited** 31/F, 148 Electric Road North Point Hong Kong
Principal banker	**Hang Seng Bank Limited** 20/F, 83 Des Voeux Road Central, Hong Kong

The information presented in this section, unless otherwise indicated, is derived from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an adverse impact on the quality of the information in this section. However, the information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer nor is any representation given as to its accuracy or completeness. Accordingly, you should not place undue reliance on such information or statistics.

Apparel SCM service involves the service of apparel design and development, sourcing of apparel suppliers or manufacturers, production management and quality assurance, logistics management, and final delivery to apparel retailers.

VALUE CHAIN OF APPAREL INDUSTRY

The upstream of the value chain of the apparel industry mainly consists of apparel manufacturers, such as original design manufacturers or original equipment manufacturers ("**OEMs**"). Apparel SCM service providers constitute the middle stream of the value chain of the apparel industry. The service scope of apparel SCM service providers depends on the comprehensive strength of each provider, namely, some are pure sourcing or/and trading agents, and some are sourcing or/and trading agents with design services. The downstream of the value chain of the apparel industry is made up of apparel retailers, which can be divided into three groups: traditional retailers, online fashion retailers and retailers with both these channels. Traditional retailers sell their products solely through the physical outlets and usually source and order products on a seasonal basis. Online fashion retailers sell their products through online sales platform and source and order apparel products on a monthly and even weekly basis. The chart below illustrates the value chain of the apparel industry:



Source: Frost & Sullivan

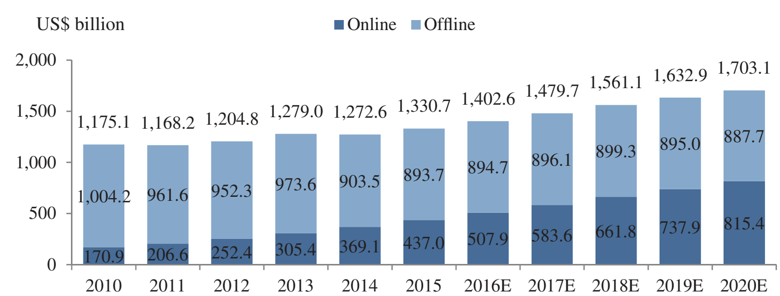
OVERVIEW OF THE GLOBAL APPAREL MARKET

The global apparel retail industry has witnessed a steady growth from 2010 to 2015. Total retail sales value increased from US$1,175.2 billion in 2010 to US$1,330.7 billion in 2015, representing a CAGR of 2.5%. The online apparel retail market has been booming in terms of both value and proportion among total retail sales value, and increased from 14.54% of total retail sales value in 2010 to 32.8% in 2015.

According to Frost & Sullivan, although the apparel retail sales in some developed markets may face a downward trend in the near future, the overall global market will be supported by emerging markets together with their economic progress. As a result, the global apparel retail market is anticipated to grow from US$1,402.6 billion in 2016 to US$1,703.1 billion in 2020, representing a CAGR of 5.0%.

For the online apparel retail market, according to Frost & Sullivan, such market will maintain a strong growth and will reach nearly 50% of total sales value in the global apparel retail market in 2020. The global online apparel retail market is expected to increase from US$507.9 billion in 2016 to US$815.4 billion in 2020, representing a CAGR of 12.6%.

Global apparel retail sales value, 2010-2020E



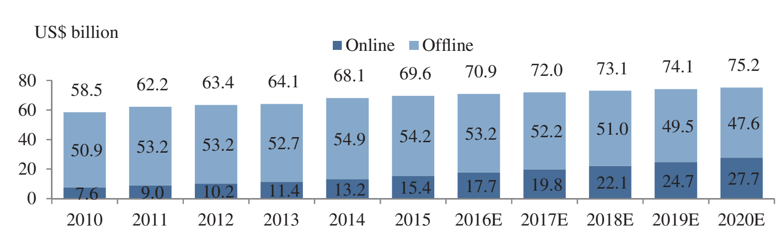
Source: *Frost & Sullivan*

OVERVIEW OF THE UK APPAREL RETAIL MARKET

The apparel retail sales value in the UK increased from US$58.5 billion in 2010 to US$69.6 billion in 2015, with a CAGR of 3.5%. According to Frost & Sullivan, such growth was primarily driven by strong demand for the latest fashion and new designs. Considering that the individual purchasing power in the UK is expected to improve with higher employment rate and growing disposable income level, it is expected that the willingness to spend by consumers on apparel will increase. As a result the UK apparel retail market is estimated to grow at a CAGR of 1.5% from 2016 to 2020 and will reach US$75.2 billion in 2020.

The online apparel retail sales in the UK experienced a rapid growth from US$7.6 billion in 2010 to US$15.4 billion in 2015, representing a CAGR of 15.1%. According to Frost & Sullivan, such growth was mainly driven by the increased use of mobile devices and the Internet, as well as the improving online shopping awareness and experiences for consumer. It is expected that in the next five years, online apparel retail sales value is expected to further increase to US$27.7 billion in 2020 at a CAGR of 12.4% which accounts for 36.8% of the total apparel retail sales.

Apparel retail sales value, UK, 2010-2020E



Source: *Frost & Sullivan*

OVERVIEW OF THE APPAREL SCM SERVICE PROVIDERS IN HONG KONG

Apparel SCM service providers in Hong Kong can be segmented into three groups based on their features, including their scope of services, target sectors, showroom capacity and gross profit margin:

	Scope of Services	Target Apparel Sectors	Showroom Capacity	Gross Profit Margin	Number of Players
Group 1	Providing comprehensive and customised solution, including design and development, sourcing, production management, quality assurance, logistics management and social compliance monitoring	Mid- and high-end	Having at least one showroom in the local market to display samples and facilitate communications with customers	Over 20%	Not more than 200
Group 2	Providing less comprehensive service in depth or type of service compared to Group 1	Low-, mid- and high-end	May or may not have a showroom in the local market to display samples and facilitate communications with customers	10% to 20%	Not more than 2,000
Group 3	Providing service coverage of single or at most two business roles of Group 1 and with no design and development capability	Low- and mid-end	Most likely without showroom	Less than 10%	Around 9,000

Source: Frost & Sullivan

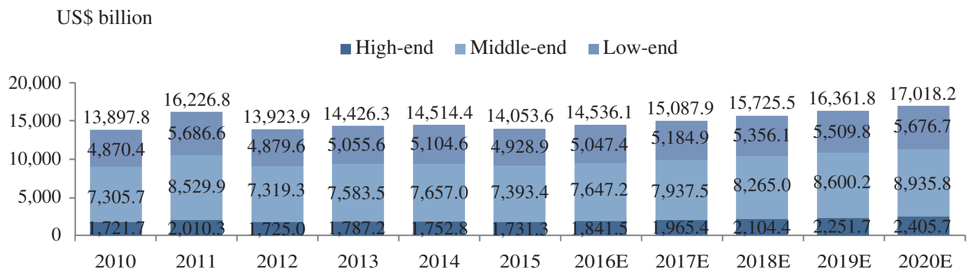
Notes:

1. *There are exceptional cases where an apparel SCM service provider does not possess all the features of a particular group but is still being classified into that particular group based on the major features that such provider has.*
2. *Some apparel SCM service providers are excluded as their respective gross profit margin belong to the range of a particular group but without any other features of that particular group.*
3. *Group 1 commonly shows higher level of comprehensiveness in relation to their service scope than Group 2 and Group 3.*

The service providers in Group 1 are primarily engaged in designing, sourcing and trading of apparel products with high value and complex designs. The market size of Group 1 remained stable from 2010 to 2015. In the forecasted period, with the soaring export price of apparel products and increasing demand from customers, the market size of Group 1 is estimated to grow from US$1,841.5 million in 2016 to US$2,405.7 million in 2020, at a CAGR of 6.9%, while the market size for Group 2 and Group 3 is estimated to grow at a CAGR of 4.0% and 3.0%, respectively.

According to Frost & Sullivan, the total revenue of the apparel SCM service industry in Hong Kong experienced a period of fluctuations from 2010 to 2015, and increased from US$13,897.8 million in 2010 to US$14,053.6 million in 2015, representing a CAGR of approximately 0.2%. After reaching its peak in 2011 at US$16,226.8 million, the industry witnessed two declines in 2012 and 2015 respectively. According to Frost & Sullivan, such fluctuations were primarily caused by the unstable economic performances in major designated countries such as the US and Europe. In the forecasted period, as the costs of labor are expected to rise in general, the apparel SCM providers in Hong Kong are more likely to exploit new opportunities in the PRC and South East Asia to lower their production costs, instead of focusing on European countries such as Italy and Germany. With a promising global economy and increasing trade volume forecast, the market size of the apparel SCM service industry in Hong Kong is projected to reach US$17,018.2 million in 2020, with a CAGR of 4.0% from 2016 to 2020.

Market size of apparel SCM service by value, Hong Kong, 2010-2020E



Source: *Frost & Sullivan*

KEY DRIVERS FOR APPAREL SCM MARKET IN HONG KONG

Improvement of macro-economic environment: Global economic recovery and growth is expected to continue which supports the growth of the apparel market as well as the apparel SCM service industry. This also helps to increase income level and improve the living standards in general across the world. As a result, consumer purchasing power on apparel products is expected to strengthen. In addition, major developed economies, such as the US and the UK, generally seek for apparel SCM service providers and manufacturers from developing countries, such as the PRC and countries in South East Asia. Therefore, the recovery of the global economy is anticipated to positively impact the apparel manufacturing market and causing corresponding positive impact on the apparel SCM service industry in Hong Kong.

Industry transformation: Due to the fierce competition in the global apparel SCM service industry, traditional service providers began to realise the importance of improving their respective design and innovation capabilities, and are experiencing transition from replicating designs to originating designs. In addition, the standardisation and transparency of production and logistics management services are becoming more essential for customers. This transition is facilitated by increasing number of industry experts, more dedicated studies on customer needs and preferences, and increasing investment in design and technology development. The industrial advancement helps to drive the sustainable development of the apparel SCM service industry.

Effective collaboration of supply chain: Globalisation has not only enabled apparel SCM service providers to optimise their cost structure and to get access to an expanded consumer base, but also lead to a higher degree of collaboration among different vendors, suppliers and producers globally. The expanding worldwide network of the apparel supply chain, market demand for cost effective solutions, quick production time, and efficient coordination from apparel SCM providers will continue to drive sustainable development of the apparel SCM service industry.

KEY ENTRY BARRIERS TO THE APPAREL SCM MARKET IN HONG KONG

Vigorous competition: The market competition is quite fierce among the peer competitors as competitive pressure is exerted significantly by dominant service providers in Hong Kong which are reputable in both the international and local retail markets and are leading companies which have already established long-term business connections with numbers of retailers and manufacturers in the apparel products industry. The close business bonding between suppliers and retailers will be an obstacle for new entrants to attract high-performance apparel retailers for their products distribution.

Customers' sophistication influencing retailers' needs: Market know-how (including operating management and stable manufacturing power sourcing from factories) and technical skill sets (such as product quality control and design capability) are crucial for success in a quick-response market. These two skills are the two key determining factors which new players must overcome in order to have a firm standing in the market to meet the ever-changing demands of both the apparel retailers' and customers' demands.

Good business connection speeds workflow: Experienced management team is advantageous for expanding business connections with third-party manufacturers and facilities effective communication with other players along the value chain. New entrants need to acquire in-depth understanding of every key role in the industry in order to effectively coordinate the entire business flow.

Awareness to apparel SCM regulations in different jurisdictions: Industry knowledge and experience are necessary for handling rigorous inspection procedures and trading regulations in the apparel industry in different jurisdictions where there are a number of distinctive sanctions policies being deployed.

CHALLENGES AND OPPORTUNITIES

Rising manufacturing techniques and labour costs in the PRC: The textile manufacturing industry in the PRC has been stagnant in the last few years due to the over-supply of apparel products being manufactured, where manufacturers are competing on manufacturing techniques rather than only on pricing strategy. Such phenomenon has encouraged manufacturers in the PRC which are equipped with higher-level techniques to produce more complex apparel designs. Throughout recent years, the PRC has been trying to evolve from being a nation with low-level OEMs. In addition, the labour costs in South East Asia are also gradually becoming less costly as compared to those in the PRC; hence the global manufacturing centre has shifted to South East Asia, especially for the manufacturing of low-end products.

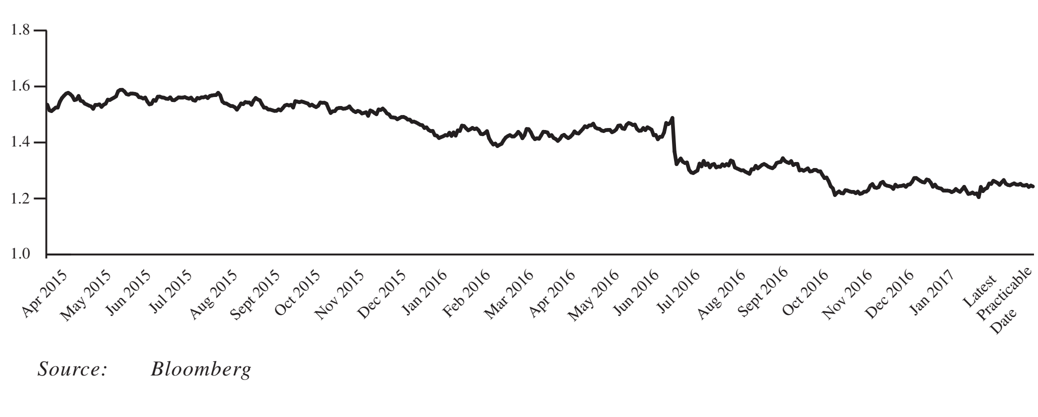
The exceptional value of design: With the shrinkage of profit margin, the kaleidoscope of fashion trends and the emergence of new technology, apparel products place a more critical emphasis on different style designs. As one of the most value-added procedures in the industry, style designs not only could stimulate the purchase desires of end customers, but also drive increase of sales orders. Market players, who can provide ingenious design services, will be considered as the most reliable partners for retailers. However, on the other hand, new techniques, such as Internet-based computer aided design for apparel designing and virtual fashion designing system, have been facilitating the specialisation of apparel production worldwide. Companies with designing capabilities have to keep pace with the technical advancement of equipment and improve their skills to support the ever-changing demands efficiently.

IMPACT OF BREXIT

Although it was expected that there would be a significant adverse impact on the UK economy as well as consumer confidence should the country vote to leave the EU, on the contrary, little impact has been brought by Brexit to the UK economy since then. The UK consumers made 191 million purchases with credit cards in retail sales in November 2016, which was even higher than the purchases in June 2016 and the average of the previous six months. The unemployment rate remained unchanged at 4.8% for the four months ending 30 November 2016, which is the lowest unemployment rate since 2009. In addition, according to HM Treasury, the UK is expected to save billions of pounds in net annual contributions to the EU following its departure from the EU. Although it is not possible to accurately estimate the expected time for the whole process of Brexit to be fully effective nor the total amount of costs to be saved by the UK economy after Brexit, it is estimated that the UK economy would have saved approximately GBP10,763 million and GBP8,616 million in 2015 and 2016, respectively, in net annual contributions to the EU if its departure from the EU had been effective in 2015. On the other hand, slowdown in total spending by payment card was noted following Brexit, which grew at an annual rate of 3.9% in October 2016, which is significantly lower than that of 8.3% a year ago according to the UK Card Association despite the highest monthly growth in card spending was noted in November 2016, which was after the announcement by the referendum. Such slowdown could possibly be a result of the uncertainty that brought forward by Brexit. Despite that, the number of purchase transactions in clothing increased by 1.8% from June 2016 to November 2016 while the total value of purchase transactions increased from GBP2,334 million to GPB2,387 million in the same period, representing 2.3% of growth rate. According to the International Monetary Fund, the expected inflation rate will be remained at 2% or above as the negative influence, weaker pound raising the cost of imports to the UK and decreasing the purchasing power, brought by Brexit. The exchange rate of GBP to US$ dropped from monthly average 1.42 in June 2016 before referendum to monthly average 1.24 in January 2017. The weaker pound implies that retailers will have to spend more to make same amount of purchases while it will also impose financial burdens to buyers. Although slight decreases in demand for apparel products in the UK might be expected in short term, it is not expected to have any long-term adverse impact on the apparel industry as there are alternatives for the UK to access single markets, such as the World Trade Organisation and European Economic Area, for trading.

Based on the above analysis, there is no clear indication that Brexit will have any adverse impact on the apparel industry in UK. Once leaving the EU, the UK can develop an independent market that is free of EU policies and regulations, such as the Transatlantic Trade and Investment Partnership, and the EU membership fee. The UK may be able to re-negotiate better trading terms with non-EU countries which currently, as an EU member, is not free to do so, and the trade policies will then be more flexible and efficient. The new reciprocal policies will help the apparel industry of the UK move forward as it is highly dependent on international import and export. There could be an immediate adverse impact on costs and margins at the outset, but the depreciation in pounds (as shown in the chart below) is expected to be positive, at least in the short term, for the apparel retailing business; especially for those relying largely on tourists' purchases or with vast online retailing channel. For instance, one of the leading online retailers in the UK, ASOS, which has two-thirds of its customers from overseas, recorded compelling performance and recorded its biggest sales since "Black Friday" November 2016 during the aftermath of the referendum.

The following chart sets out the fluctuation in GBP against US$ during the Track Record Period and up to the Latest Practicable Date:



Source: *Bloomberg*

APPAREL DESIGN ANALYSIS

According to Frost & Sullivan, in recent years, online retailers of apparel products have differentiated themselves from traditional retailers, which have physical retail outlets and online distribution channel as they have uneven goods life cycle. In relation to apparel design services, there are four distinct characteristics between online retailers and traditional retailers:

1) online retailers normally purchase smaller quantities in a single order than traditional retailers do. This is because online retailers tend not to overstock on their inventory in order to avoid illiquidity issues. Online retailers demand for smaller quantity orders because of their need to quickly respond to the rapid changing demand and fashion tastes of online apparel consumers; whereas for traditional retailers, they only demand smaller quantity orders in special edition releases such as cross-overs between brands, limited edition items and promotional items;

2) online retailers require shorter production lead time to meet the fast-moving fashion consumption and to decrease their inventory turnover. However, delivery time is not a big concern for traditional retailers as they have sufficient inventory reserve for each style of items;

3) the profit margin for apparel SCM service providers is higher for online retailers because online retailers usually lack capital to source design companies, and they prefer comprehensive and customised solution providers in order to meet their demanding needs. However, traditional retailers would like to seek for the most cost effective approaches for better budget control and therefore putting pressure on the profit margin for apparel SCM service providers for traditional retailers; and

4) online retailers prefer from the apparel SCM service providers value added services such as more complex designs, and larger varieties of apparel designs to choose from. This is to accommodate the online retailers' shorter product cycles. Therefore, the two main determining factors regarding the performance of different apparel SCM service providers are manufacturing costs and design capabilities.

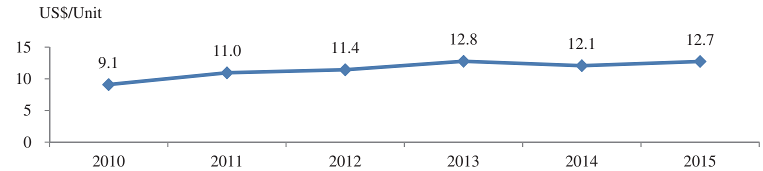
In light of the above, according to Frost & Sullivan, sourcing manufacturers for production is vital for channel distributors, especially for online retailers.

In the current global market, there are three major areas which are popular for setting up manufacturing plants, namely (i) Portugal and Greece in Europe; (ii) the PRC; and (iii) Cambodia and Vietnam in South East Asia. Among this list, the PRC is the preferred choice as manufacturers in the PRC are able to achieve multi-steps garment production, thereby fulfilling the desired requirements of online retailers, that is, short order lead time and small quantity order per batch. It is more cost efficient for online retailers to engage manufacturers which have (i) satisfactory techniques to produce complex designs; (ii) import fabrics and skilled workers; and (iii) fast and efficient logistic system, to deliver orders in small sizes. These requirements are indifferent for traditional retailers as they tend to strike for their efficient approach with their relatively abundant budgets.

PRODUCT PRICE AND RAW MATERIAL PRICE ANALYSIS

The average export price of apparel products from Hong Kong increased from US$9.1 per unit in 2010 to US$12.8 per unit in 2013. Then in 2014, mainly due to the unstable global economy, the average export price slightly decreased to US$12.1 per unit. In 2015, the average export price recovered its upward trend and reached US$12.7 per unit.

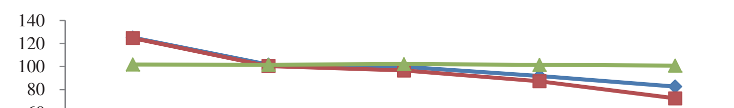
Average export price of apparel product, Hong Kong, 2010-2015



Sources: *Trade Map, Frost & Sullivan*

The price index of cotton declined from 125.1 in 2011 to 82.6 in 2015, as the oversupply of cotton places downward pressure on the cotton prices. Similarly, the price index of polyester also experienced a downward trend from 2011 to 2015 due to the weak demand from the downstream. By contrast, the price index of silk remained stable over the last five years.

Price Index of Raw Materials, China, 2011-2015



	2011	2012	2013	2014	2015
Cotton	125.1	101.7	99.8	91.8	82.6
Polyester	124.7	100.4	96.6	87.2	72.4
Silk	101.8	101.6	102.1	101.5	100.8

Sources: *China Textile Materials Exchange Center, Ministry of Commerce of the PRC, Frost & Sullivan*

In line with the rapid economic development in the PRC, the annual salary of employees from manufacturing sector in urban areas in the PRC experienced a stable growth from RMB20,090.0 in 2010 to RMB38,948.0 in 2015, representing a CAGR of 14.2%.

COMPETITIVE LANDSCAPE

There are not more than 200 apparel SCM service providers in Group 1. Group 1 players usually demonstrate higher business integration level and operational flexibility, so they are able to provide comprehensive and customised service for their customers. The customers of the Group 1 players are willing to pay a higher profit margin to their sourcing providers for the customised services. This is because the orders usually require unique design, short production time and various styles, which adds to the difficulty of the service demanded. As such, the gross profit margin of Group 1 exceeds 20%. In order to maintain a relatively high profit margin, the Group 1 players usually source manufacturers on demand basis. Since operational costs of running a factory is huge, Group 1 players generally do not own factories, but place orders to their suppliers to minimise the unnecessary costs. Also, Group 1 players place more emphasis on value-added services such as designing services, and by having a showroom, this helps with displaying those newly designed samples to retailers and also creating a good meeting place for the players and retailers to have closer communication to identify the needs of the customers. Group 1 players mainly target the high-end apparel sector, but may also target mid-end apparel sector to diversify their customer base and expand their scale of operations.

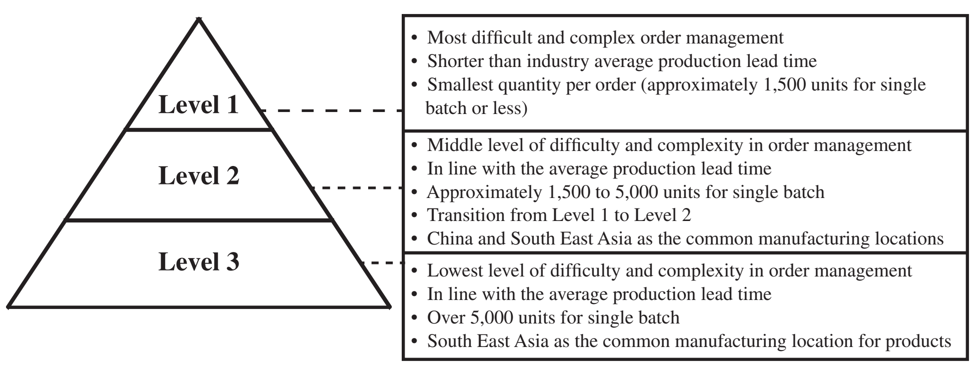
Group 2 consists of not more than 2,000 service providers. In Group 3, it is highly fragmented with approximately 9,000 service providers. In comparison with the service providers from Group 1 and Group 2, players in Group 3 lack design capabilities. Therefore, the service providers in Group 3 are less competitive in the industry and put more business focus on large quantity orders. It is common for market participants in Group 3 to own manufacturing plants so as to enjoy economy of scale when handling mass production orders. Service providers in Group 2 mainly target mid-end to high-end apparel sector, but may also target low-end sector, while Group 3 targets low-end to mid-end sector. The gross profit margin of Group 2 ranges from 10% to 20%, whilst Group 3 is below 10% due to the absence of value-added services.

Players in Group 1 and Group 2 have similar service categories with different levels of comprehensiveness in relation to their respective service scope and order type. However, Group 1 demonstrates stronger comprehensiveness than Group 2 and Group 3 from the perspective of service scope and order type. Among the three groups, the competition in Group 3 is the most intense due to the huge number of players. From another perspective, players in Group 1 and Group 2 are capable of grasping part of the orders from Group 3 with their stronger competitive advantages. Driven by the continuous development of the apparel market, the number of apparel SCM service providers in Hong Kong is expected to continue to grow. Furthermore, the increasing competition tends to drive the apparel SCM service industry in Hong Kong to constantly strive for greater business efficiency.

Complexity of order management in Hong Kong apparel SCM market

Complexity order management means the ability to manage orders with small quantities in short production lead time.

The complexity of order management in apparel SCM service market of Hong Kong can be classified into three levels as shown below:



Source: *Frost & Sullivan*

The apparel products in Level 1 are usually customised under specific requirements from the clients, such as fast order-delivery, delicate handcraft and complex designs. The production lead time in Level 1 is usually shorter than 12 to 16 weeks, which is the average industry level. As such, orders in Level 1 are usually of higher value and higher profit margin. Products in Level 1 with the highest degree of manufacturing difficulty are mainly produced in the PRC, whilst South East Asia is the main manufacturing location for products of Level 3. Products in Level 2 are manufactured in both the PRC and countries of South East Asia. The PRC has been renowned as the largest manufacturing country in the past decades for its advantages in manpower and raw material resources, before countries in South East Asia began burgeoning into one of the largest manufacturing power in the world at present. In particular, the PRC has had a long history in textile industry and displayed maturity in apparel manufacturing with stronger design capabilities, more delicate handwork and advanced technical skills in fibre modification, more advanced fabric research and development, more advanced printing and dyeing skills, which are quite essential for enabling customised services. As such, apparel manufacturers in the PRC are capable of producing sophisticated and higher value-added products. Also, the PRC is abundant in cloth and fabric raw materials, so the time for delivery of raw materials from suppliers to manufacturers in the PRC will be shortened and thereby leading to shorter production lead time. Orders with large quantities are usually completed in South East Asia, as mass production requires considerable labour work and labour costs in South East Asia has in recent years become lower than that in the PRC.

In general, the industry average of mark-up between manufactured price and retail price in UK apparel market is over 8 times, depending on factors such as raw material cost, brand reputation and manufacturing location.

Competitive strengths of our Company

According to the Frost and Sullivan Report, our Company belongs to Group 1 in 2016 in the apparel SCM service market of Hong Kong, with a strong focus on orders for Level 1 products. The revenue of our Company reached HK$140.3 million and HK$158.8 million for the years ended 30 April 2015 and 30 April 2016, respectively. Our gross profit margin for the years ended 30 April 2015 and 30 April 2016 was 17.5% and 22.9%, respectively. In 2016, our Company took up a share of 0.1% in terms of revenue in the apparel SCM service market of Hong Kong.

We have focused on the production of Level 1 products and our competitive advantages are embodied in the following aspects:

Solid customer resources: Our customers of our Company are fashion retailers, including traditional retailers and online retailers. Renowned traditional retailers which distribute their products through retail stores and online distribution channels include Monsoon, East, Dunnes, Crew and Long Tall Sally; while online retailers consist of ASOS, Lamoda and Zalando. Our Company has established a mutual-reliance relationship with some of its customers. For example, our Company is one of the top suppliers for Monsoon and ASOS in womenswear in terms of their purchase costs, and the cooperation relationships with them have been lasting for almost five years. The online retailers of our Company have demonstrated prosperous growth in their businesses during the past years. For instance, Zalando is an online retailer showing the highest growth rate in the apparel market in Germany with a CAGR of approximately 79.4% from 2010 to 2015, and ASOS also saw a growth at a CAGR of 38.8% from 2010 to 2015.

Customised comprehensive service: Our Company offers efficient comprehensive apparel designing and sourcing services from design to delivery processes, for our customers within a short lead time (six to 12 weeks). This has enabled our customers to rely on our Company to fulfill their needs along the supply chain, which has also been beneficial for us to maintain stable relationships with the customers. The comprehensive service scope contributes to the improvement of business efficiency and the costs reduction for our customers, as they do not need to cooperate with different service providers separately in the supply chain.

Strong showroom footprints: We believe that the expansion of our showroom in UK and the opening of our showroom in Hong Kong have driven the growth of our business since most of our customers visit our showrooms on a regular basis, thus enhancing our business exposure and performance.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on, the apparel SCM market in Hong Kong for the period from 2010 to 2020. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the Frost & Sullivan Report. We paid Frost & Sullivan a fee of HK$470,000, which we believe reflects market rates for reports of this type. Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy. Frost & Sullivan has been covering the Chinese market since the 1990s. Frost & Sullivan has four offices in China and direct access to the knowledgeable experts and market participants in the apparel SCM market and its industry consultants, on average, have more than three years of experience.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe this information facilitates an understanding of the apparel industry in Hong Kong for the prospective investors. The Frost & Sullivan Report includes information on the apparel SCM industry in Hong Kong as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the apparel SCM industry in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. We believe that the sources of this information are appropriate sources for the information and we have taken reasonable care in extracting and reproducing this information. We have no reason to believe that this information is false or misleading in any material respect of that any fact has been omitted that would render such information false or misleading in any material respect.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the apparel SCM market in Hong Kong. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: Hong Kong's economy is likely to maintain stable growth in the next decade and social, economic and political environment in China is likely to remain stable in the forecast period. Additionally, the apparel SCM market in Hong Kong is expected to grow based on the macroeconomic assumptions of the economy. Additional key industry drivers include: rising disposable income, increasing expenditure on apparel, and surging penetration rate on online distribution channel.

This section sets out a summary of the material laws and regulations that govern our business operations:

LAWS AND REGULATIONS OF HONG KONG

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)

The Import and Export Ordinance is an ordinance to provide for, among others, the regulation and control of the import of articles into Hong Kong and the export of articles from Hong Kong.

During the Track Record Period and up to 20 November 2014, in general, (i) imports and exports of textiles from or to the PRC, and (ii) exports of textiles to the US were subject to the licensing requirements under the Import and Export Ordinance. Such licences were administered by the Hong Kong Trade and Industry Department ("**HK-TID**"). For clarity purpose, no licences were required for textiles imports from places other than the PRC, nor were any licences required for textiles exports to places other than the PRC and the US. As we may import textiles from the PRC, JC HK may generally be subject to the said textiles licensing requirements.

During the Track Record Period and up to 20 November 2014, the Textiles Trader Registration Scheme ("**TTRS**") was a scheme whereby traders, registered as a "textiles trader" and during the validity period of such registration and subject to their compliance with certain prescribed conditions, were exempted from the textiles licensing requirements of the Import and Export Ordinance in respect of textiles which fell within the scope of TTRS.

During the Track Record Period, JC HK has been registered as a textiles trader under TTRS pursuant to the Import and Export General Regulations (Chapter 60A of the Laws of Hong Kong). Hence it was exempted from the then textiles licensing requirements under the Import and Export Ordinance and for import or export of textiles to the designated countries as mentioned above in accordance with the Import and Export General Regulations. Such exemption was valid to the extent of, and subject to the compliance with, the conditions of exemption under the Import and Export General Regulations, TTRS and such other conditions as set out on any textiles notifications. The exemption conditions might also be altered by the circulars which may be issued by HK-TID from time to time.

The textiles licensing regime was modified with effect from 21 November 2014 pursuant to which import or export of textiles no longer required any import or export licence under the Import and Export Ordinance. Hence, from such date onward, JC HK is no longer required to lodge textile notifications under TTRS for its import of textiles from the PRC and export of textiles to the PRC and the US. Voluntary registration service under TTRS, however, is still provided by HK-TID and JC HK is currently registered as a registered textiles trader under TTRS.

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every entity which carries on a business in Hong Kong to apply for business registration. We held a valid business registration certificate under the Business Registration Ordinance throughout the Track Record Period and as at the Latest Practicable Date.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance imposes taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation. We, as a company carrying out business in Hong Kong, are subject to the profits tax regime under the Inland Revenue Ordinance.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance is an ordinance for, among others, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies in Hong Kong. The Employment Ordinance covers a comprehensive range of employment protection and benefits for employees including, among others, wage protection, paid annual leave, maternity protection, payment in lieu of notice and long service payment.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Employers are required to enrol their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a MPF scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK$25,000 and HK$7,100 per month, respectively before 1 June 2014 or HK$30,000 and HK$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK$1,250 before 1 June 2014 or HK$1,500 on or after 1 June 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK$25,000 per month before 1 June 2014 or HK$30,000 on or after 1 June 2014).

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance establishes a statutory minimum wage regime to provide for a minimum wage at an hourly rate for employees employed under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), save for stipulated exceptions.

Statutory minimum wage became effective on 1 May 2011 and with effect from 1 May 2015, the minimum wage rate is currently set at HK$32.5 per hour.

The Minimum Wage Commission must report on any recommended changes in statutory minimum wage at least once in every two years to the Chief Executive in Hong Kong, and the Chief Executive may adjust the statutory minimum wage having regard to such recommendation.

LAWS AND REGULATIONS OF ENGLAND AND WALES

Laws and regulations relating to imports

The enforcement of customs procedures in the UK is the responsibility of HM Revenue & Customs and the extent and scope of their powers are contained in the UK legislation including The Customs and Excise Management Act 1979 ("**CEMA**"). CEMA serves to consolidate the UK customs law and, inter alia, considers duty chargeable on imported goods. The Act therefore considers the customs value of imported goods and provides that the value is the price payable or paid by the buyer of the goods sold for export in the UK. The point at which duty is payable on the goods varies depending on when entry or declaration is deemed to have been made, the nature of the goods, fixed regulations, the method of import and purpose.

The general rule is that goods cannot be delivered or removed on importation until the appropriate duty has been paid, however, there are exceptions such as if the goods are only temporarily imported into the UK with a view to exporting the goods to another country. If however this general rule is contravened, and there are no relevant exceptions, certain penalties will apply. The penalty imposed for such contravention include forfeiture, seizure, detention and condemnation of the goods.

Sections 24 to 41 of the Finance Act 2003 provide for the imposition of liability to a penalty where a person engages in any conduct for the purpose of evading any relevant tax or duty on imports or engages in any conduct by which he contravenes a duty, obligation, requirement or condition imposed by or under legislation relating to any relevant tax or duty.

Sections 15 and 16 of the Value Added Tax Act 1994 provide general provisions relating to importation of goods from outside European Member States and the application of customs enactments.

Laws and regulations relating to taxation

Resident companies are taxable in England and Wales on their worldwide profits, while non-resident companies are subject to corporation tax of England and Wales on the trading profits attributable to an English and Welsh permanent establishment. The general rate of corporation tax which applies in the tax year of writing until 1 April 2017 is 20%, after which it is scheduled to reduce incrementally down to 17% by 1 April 2020. A company usually pays corporation tax by reference to each accounting period and its taxable profits for a given accounting period is the sum of its income profits and chargeable gains, less certain deductible payments that the company makes.

Corporation tax is largely governed by the rules contained within the Corporation Tax Act 2009 and Corporation Tax Act 2010. Companies are subject to self-assessment and will pay corporation tax either in quarterly instalments, or within nine months and one day after the end of the accounting period to which the tax relates.

The overriding law on VAT throughout the EU is in the EU Directives, notably Directive 2006/112/EC. The form and method of compliance is left to the individual EU countries but, where any of the provisions are mandatory, EU law takes precedence if there are any inconsistencies with national law. In England and Wales, the Value Added Tax Act 1994 provides the main framework of the tax, with much of the detail contained within statutory instruments.

The basic principle is for the supplier to charge VAT at each stage in the supply of goods and services (output tax). If the recipient of the supply is registered for VAT and uses the supplies for business purposes, he will generally receive credit for this VAT (input tax). The broad effect is that VAT is generally not an absolute cost to businesses and VAT is actually borne by the final consumer. In this context, "businesses" means sole traders, partnerships and companies.

A transaction is within the scope of VAT in England and Wales if all of the following conditions are met:

1. it is a supply of goods or services;

2. it takes place in England and Wales;

3. it is made by a taxable person (i.e., a person, partnership or company which is registered for VAT, or required to be registered for VAT); and

4. it is made in the course or furtherance of any business carried on by that person.

Applicable rates of VAT vary depending on the type of goods or services supplied and are either 0% (zero rate), 5% (reduced rate), or 20% (standard rate). Certain supplies are exempt from VAT.

Laws and regulations relating to product quality

Much of the laws of England and Wales on product quality stems from the EU, reflecting the requirements for product safety and consumer protection across member states. Manufacturers and distributors are obliged to ensure products supplied for sale are safe and bear the appropriate safety warnings depending on the nature of product in question. The General Product Safety Regulations 2005 set out the extent of these obligations (by reference to the European Union standards from time to time, as summarised in a European Commission notice referred to as the "Blue Guide") and the actions that producers must take in monitoring products and recalling unsafe products that have been released for sale. Failure to comply with certain obligations within the Regulations can lead to fines and imprisonment.

Individual customers, known as consumers, benefit from much greater protection than business customers. The Consumer Rights Act 2015 requires goods sold to consumers to be of satisfactory quality, to be fit for their intended purpose, to match the description made available and to match any sample or model displayed prior to sale. The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 include additional obligations on providing consumers with information about product quality and other details prior to sale, particularly in the case of online and telephone sales.

Business customers (who are not protected by the consumer rules referred to above) are entitled, pursuant to the Sale of Goods Act 1979, to receive goods that are of satisfactory quality and fit for purpose. Goods should match any description made available and, if a sample is provided prior to sale, should match both the sample provided and any description given. These requirements may be changed or excluded only so far as is thought to be reasonable (and the rules on what is "reasonable" are found in the Unfair Contract Terms Act 1977).

If a product is defective and causes damage or loss of some kind, any customer may bring a common law claim in negligence. Consumers are more likely to claim under the Consumer Protection Act 1987, which creates "strict liability" offences (meaning that producers cannot exclude their liability) and so offers better protection. This legislation explains what might constitute a "defect", explains which parties in the supply chain might be liable and provides for compensation to be paid to consumers for any personal injury or distress caused by defective goods and also any damage to property.

Products which are manufactured and sold in England and Wales must comply with the labelling requirements which are set out in The Consumer Protection from Unfair Trading Regulations 2008 (as amended). These require that the labelling on a product must convey the true nature of the product. There should be nothing on (or omitted from) a label which misrepresents the product or is otherwise unfair or misleading to a consumer, including in relation to composition, origin and price.

OUR HISTORY

Our executive Director, Mr. Charles Choi, has more than 14 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi began his career in the apparel industry when he joined JC Fashion Company Limited (旺利多有限公司) ("**JC FCL**") in November 2001, a company currently owned by Mr. Joseph Choi, father of Mr. Charles Choi.

In 2010, after working for his father for more than eight years, Mr. Charles Choi intended to develop his own business independent from his father. Mr. Charles Choi did not intend to inherit JC FCL from his father. Mr. Joseph Choi, in anticipation of passing his apparel designing and sourcing business of JC FCL to Mr. Charles Choi and his retirement from the apparel industry, founded JC HK, our main operating subsidiary, and prepared the foundations for the establishment for Mr. Charles Choi's own business. In October 2011, the entire shareholding of JC HK was ultimately transferred from Mr. Joseph Choi to JC BVI, which was an investment holding company wholly-owned by Mr. Charles Choi, and thus began the development of his own apparel design and sourcing business. Prior to the transfer of JC HK to JC BVI, JC HK was a dormant company. JC FCL is currently engaged in property holding business and is not engaged in any apparel designing and sourcing business. Since the transfer of shares in JC HK to JC BVI in October 2011, JC HK has been an apparel designing and sourcing services provider, primarily for womenswear and childrenswear.

With the view to develop our market presence and establish closer contact with our major customers in the UK, JC UK was incorporated in May 2014 and our showroom in the UK was established in September 2014.

BUSINESS MILESTONES

The following events are the key business and corporate development milestones of our Group:

Year	Event
2010	Establishment of JC HK
2011	JC HK established business relationship with ASOS, our first Online Fashion Retailer
	JC HK established business relationship with Dunnes, our Irish customer
	JC HK established business relationship with Monsoon, our largest customer during the Track Record Period
2012	Establishment of our showroom in Hong Kong
2014	Establishment of JC UK and our Group's showroom in the UK
	JC HK established business relationship with our first US customer

Year	Event
2015	JC HK established business relationship with our first customer in Germany
2016	JC HK established business relationship with Zalando, our Online Fashion Retailer based in Germany
	Expansion of our UK showroom

OUR CORPORATE HISTORY AND DEVELOPMENT

We set out below the corporate history and development of the subsidiaries of our Group.

1. JC HK

JC HK is the operating subsidiary of our Group and is principally engaged in providing apparel designing and sourcing services. JC HK was incorporated in Hong Kong as a limited liability company on 1 April 2010 with a share capital of HK$10,000 comprising of 10,000 shares. On the same date, 10,000 shares of HK$1.00 each was allotted and issued as fully paid to Mr. Joseph Choi.

On 28 October 2011, Mr. Joseph Choi transferred all his shares in JC HK to JC BVI at par. Upon completion of such transfer, JC BVI holds the entire issued share capital of JC HK.

During the Track Record Period, the revenue attributable to our Group by JC HK accounted for 99.0%, 93.6% and 97.7% of our Group's total revenue, for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

2. JC BVI

JC BVI is an investment holding company. JC BVI was incorporated in the BVI as a BVI business company with limited liability on 22 September 2011 and is authorised to issue a maximum of 50,000 shares of a single class with a par value of US$1.00 each. On the same date, one ordinary share of par value of US$1.00 each of JC BVI was allotted and issued to Mr. Charles Choi at par.

On 23 February 2012, seven ordinary shares and two ordinary shares of par value of US$1.00 each of JC BVI were allotted and issued to Mr. Charles Choi and Mr. Choy Yuen Leung, the uncle of Mr. Charles Choi, at par, respectively. By a declaration of trust dated on the same date, Mr. Choy Yuen Leung held two ordinary shares of JC BVI, on trust for the benefit of Mr. Charles Choi. The reason for the establishment of the trust was that Mr. Charles Choi wanted another family member to be in the business for risk management control purposes. Upon completion of the allotment, JC BVI was held as to 80% and 20% by Mr. Charles Choi and Mr. Choy Yuen Leung, respectively.

On 23 January 2015, Mr. Choy Yuen Leung transferred two ordinary shares of JC BVI, representing 20% of the issued shares of JC BVI, to Mr. Charles Choi, at par. Upon completion of the transfer, JC BVI was wholly-owned by Mr. Charles Choi.

3. JC UK

JC UK is the operating subsidiary of our Group and is principally engaged in operating the showroom in the UK. JC UK was incorporated in the UK as a private limited company on 29 May 2014. On the same date, one ordinary share of nominal value of GBP1.00 each of JC UK was allotted and issued as unpaid to the initial subscriber of JC UK, an Independent Third Party. On the same day, such unpaid subscriber share was transferred to JC BVI. Upon completion of the transfer, JC UK was wholly-owned by JC BVI. On 22 July 2016, the one ordinary share was fully paid and settled.

4. JC Design

JC Design is the operating subsidiary of our Group and is principally engaged in providing apparel sourcing services. JC Design was incorporated in Hong Kong with limited liability on 17 November 2014. On the same date, one ordinary share of HK$1.00 each was allotted and issued as fully paid to Mr. Benny Choi. By a declaration of trust dated on the same date, Mr. Benny Choi held the entire issued share capital of JC Design on trust for the benefit of JC HK. JC Design was established to focus on a new line of business, namely, apparel designing and sourcing business focusing on occasional dress, and it was intended that Mr. Benny Choi should assist with this new line of business.

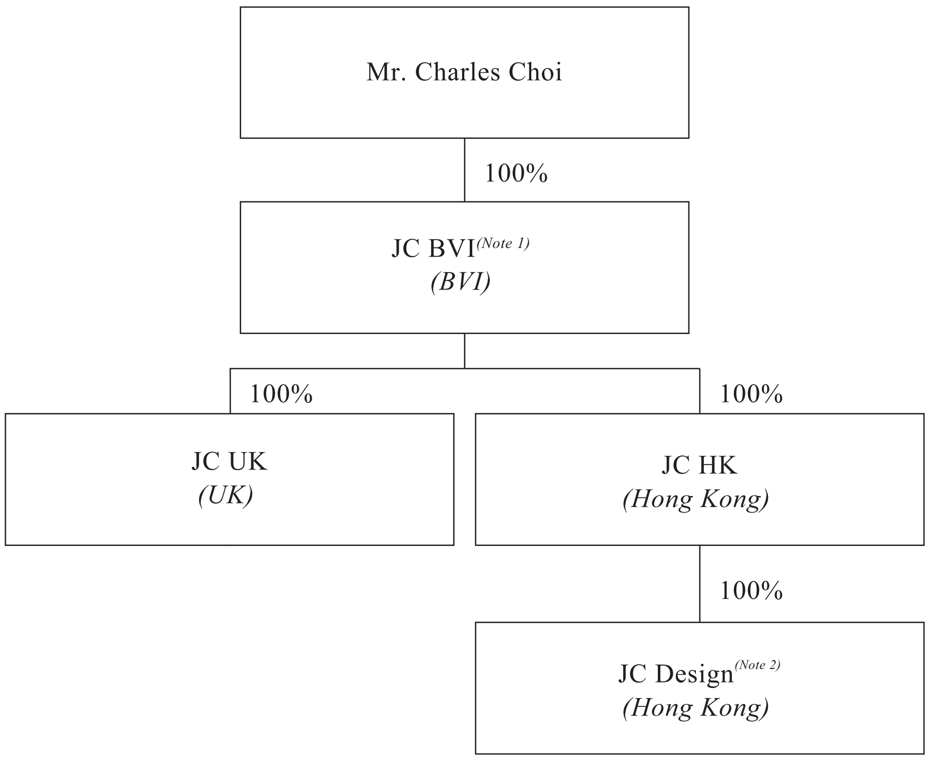
On 7 August 2015, as part of the Reorganisation in preparation for the Listing, Mr. Benny Choi transferred one ordinary share of JC Design, representing the entire issued share capital of JC Design, to JC HK, at nil consideration. Upon completion of the transfer, JC Design was wholly-owned by JC HK.

On 20 April 2016, JC Design changed its name from Wintako Fashion Group Company Limited to JC Design & Consultancy Company Limited.

During the Track Record Period, the revenue attributable to our Group by JC Design accounted for 1.0%, 6.4% and 2.3% of our Group's total revenue, for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

REORGANISATION

In preparation for the Listing, we carried out a series of restructuring steps for the purpose of establishing and streamlining our corporate structure for the Listing. The shareholding and corporate structure of our Group immediately before the Reorganisation is set out as follow:



Notes:

1. Two ordinary shares of JC BVI, representing 20% of the entire issued share capital of JC BVI, were held by Mr. Choy Yuen Leung, uncle of Mr. Charles Choi, on trust for the benefit of Mr. Charles Choi from 23 February 2012 to 23 January 2015.

2. JC Design was entirely held by Mr. Benny Choi, elder half-brother of Mr. Charles Choi, on trust for the benefit of JC HK from 17 November 2014 to 7 August 2015.

Incorporation of our Company

On 8 October 2015, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each. On the same date, one Share with par value of HK$0.01 was allotted and issued as fully paid to the initial subscriber of our Company, an Independent Third Party. On 14 October 2015, such fully paid Share was transferred to JC International at par.

Incorporation of JC International

On 5 October 2015, JC International was incorporated in the BVI as a BVI business company with limited liability and is authorised to issue a maximum of 50,000 shares of a single class with no par value. On the same day, one share with no par value was allotted and issued to Mr. Charles Choi. Mr. Charles Choi held the entire issued share capital of JC International. JC International is an investment holding company.

Our Company becoming the holding company of our Group

On 15 January 2016, as part of the Reorganisation, Mr. Charles Choi transferred 10 shares with par value of US$1.00 each of JC BVI to our Company at the consideration of allotting and issuing 99 Shares with par value of HK$0.01 by our Company to JC International, credited as fully paid. Upon completion of the transfer, JC BVI became a wholly-owned subsidiary of our Company and our Company became the holding company of our Group. The letters "S", "G", and the Chinese characters "樺", "欣" in the name of our Company, SG Group Holdings Limited (樺欣控股有限公司), stand for the initials of the names of the four children of Mr. Charles Choi. He named our Company after his four children as he intends to pass his business to his children when he retires.

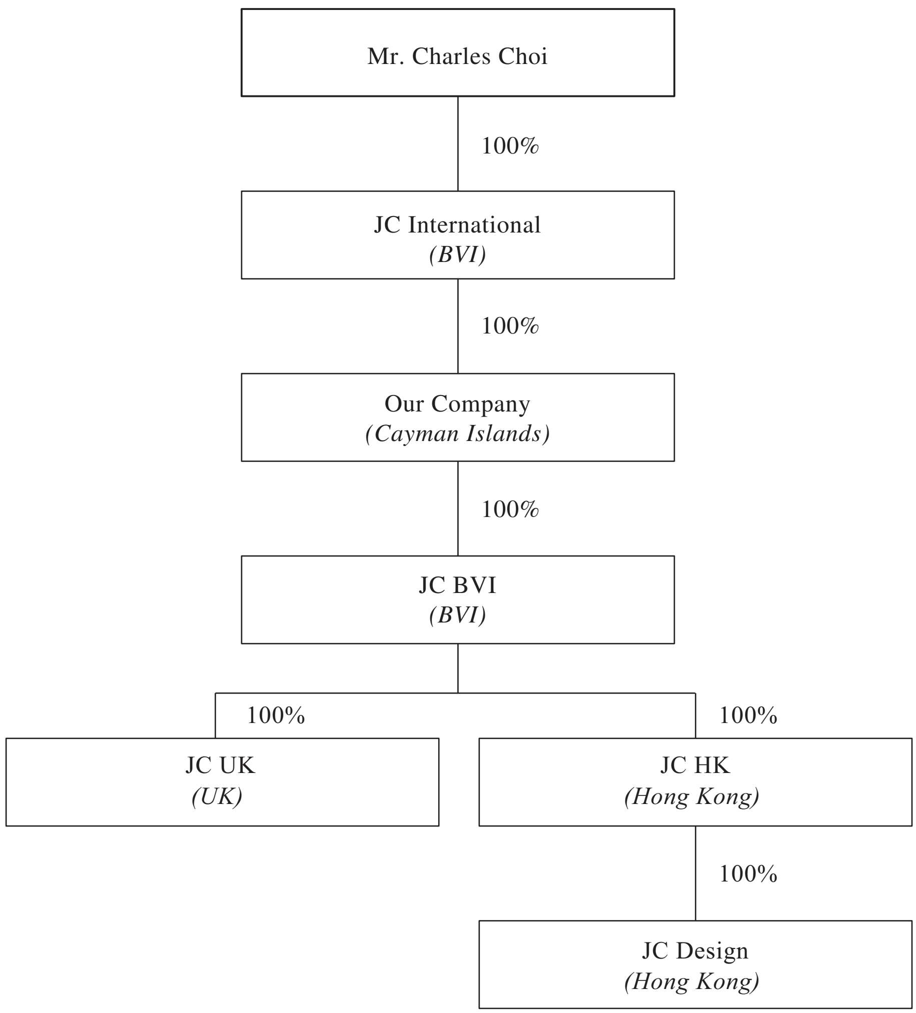
Capitalisation Issue and Share Offer

Conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, a sum of HK$239,999 standing to the credit of the share premium account of our Company will be capitalised by applying such sum in paying up in full at par a total of 23,999,900 Shares for the allotment and issue to JC International in proportion to its shareholding in our Company.

SHAREHOLDING AND CORPORATE STRUCTURE

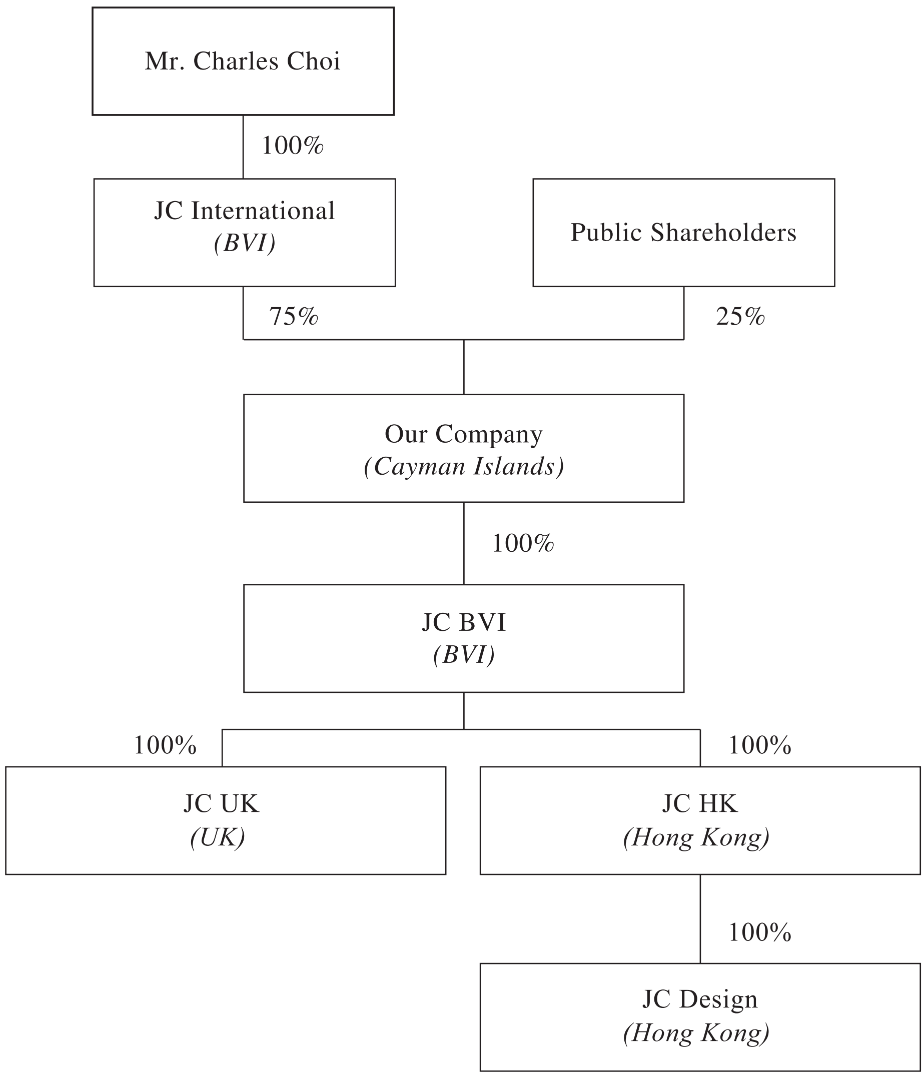
Our shareholding and corporate structure immediately after completion of the Reorganisation but before the Capitalisation Issue and the Share Offer

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before the Capitalisation Issue and the Share Offer is set out as follows:



Our shareholding and corporate structure immediately after completion of the Reorganisation, and the Capitalisation Issue and the Share Offer

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation, the Capitalisation Issue and the Share Offer is set out below:

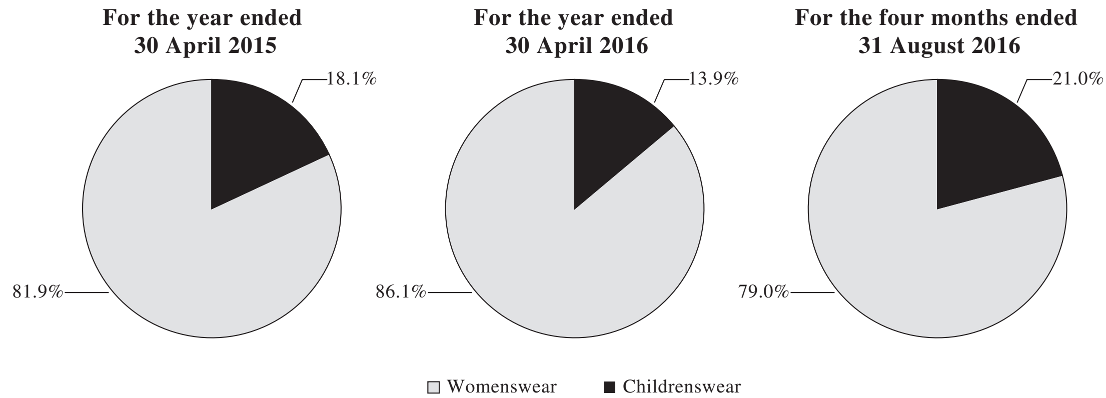


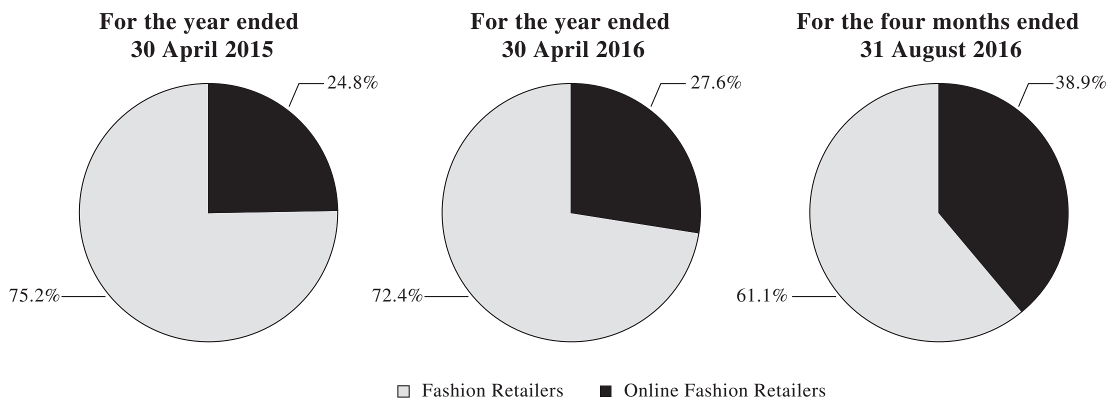
OVERVIEW

We are an apparel designing and sourcing service provider for branded fashion retailers. Our apparel designing and sourcing services include (i) design and development which involves (a) offering of our in-house designed collections displayed in our showrooms which our customers can select off-the-shelves, (b) providing tailored design based on customers' specification and requirements, and (c) offering design ideas and suggestions on product improvements on the preliminary designs provided by our customers; (ii) sourcing of suppliers from our list of Approved Suppliers which are responsible for the sourcing of raw materials and the production of the apparel products for our customers; (iii) production and logistics management which involves monitoring the manufacturing processes of our Approved Suppliers and arranging delivery of the apparel products to customers; and (iv) quality assurance which involves conducting inspections of the apparel products at different production stages and sample checking by external inspectors.

Our customers comprise mainly (i) Fashion Retailers, such as Monsoon; and (ii) Online Fashion Retailers, such as ASOS. We directly liaise with our customers and we do not operate through any sourcing agents. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, the apparel products that we source for our customers were either womenswear or childrenswear and most of our revenue was derived from our sales to our customers in the UK, which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue, respectively.

Our revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016 was approximately HK$140.3 million, HK$158.8 million, HK$50.0 million and HK$59.7 million, respectively, representing a growth of approximately 13.2% for the years ended 30 April 2015 and 30 April 2016, and 19.4% for the four months ended 31 August 2015 and 31 August 2016. Our profit for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016 was approximately HK$7.6 million, HK$17.5 million, HK$4.5 million and HK$0.3 million, respectively. If excluding the Listing expenses, which is a one-off non-recurring expense, our profit for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016 was approximately HK$7.6 million, HK$23.0 million, HK$5.0 million and HK$6.5 million, respectively, representing a growth of approximately 203.2% for the years ended 30 April 2015 and 30 April 2016 and approximately 31.4% for the four months ended 31 August 2015 and 31 August 2016. The increase in our profit (excluding Listing expenses) during the Track Record Period was mainly due to increase in revenue generated from the sourcing of womenswear, further details of which are set out under the sub-section headed "Financial Information — Management's discussion and analysis of the results of the operations — Revenue" in this prospectus. The following charts set out the breakdown of our Group's revenue generated from (i) womenswear and childrenswear; and (ii) Fashion Retailers and Online Fashion Retailers, by percentage during the Track Record Period:



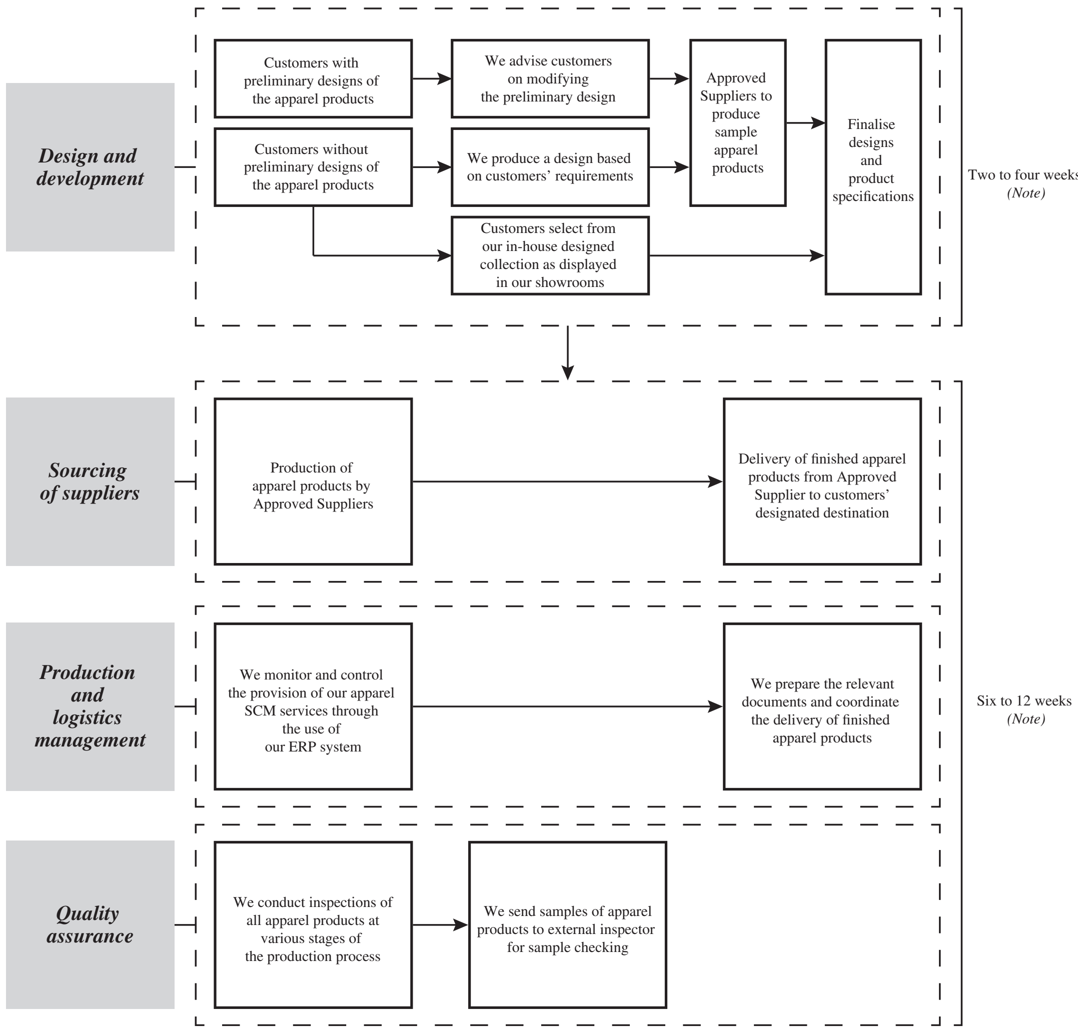


We believe that the opening of our showroom in the UK and expansion of our showroom in Hong Kong have contributed to our growth during the Track Record Period. Our customers usually visit our showrooms on a regular basis to check out our new apparel products. In particular, the showroom in the UK allows the customers in the UK to view more readily our latest apparel designs and also to speed up the overall design discussion process with our customers. By way of example, one of our major customers in the UK successfully launched its bridal collection that was selected from our in-house designed bridal collection as displayed in our UK showroom.

To focus our resources on the provision of apparel designing and sourcing services, and to minimise our manufacturing and labour costs, we outsourced the capital and labour intensive production work to our Approved Suppliers. We have established close and stable relationships with our major Approved Suppliers for the manufacturing of apparel products, which are based in the PRC during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that the PRC manufacturers in general have the capability to manufacture sophisticated and higher value-added products compared to manufacturers in other developing countries in Asia. The close proximity between Hong Kong and the PRC can also enable us to monitor closely the overall production process carried out by our Approved Suppliers. We have internal guidelines and policies governing our procedures in evaluating and selecting a new supplier and monitoring the on-going performance of our Approved Suppliers.

OUR BUSINESS MODEL

The following diagram illustrates our business model for the provision of our apparel designing and sourcing services:



Note: The above time required at each stage is only an approximate and the actual time required at each stage of the production process may differ depending on, among other things, the complexity of the product design and the availability of our Approved Suppliers and raw materials relating to the production.

MARKET AND COMPETITION

According to the Frost & Sullivan Report, the apparel SCM industry is highly fragmented and competitive with more than 10,000 market players in Hong Kong, with a majority of them handling large quantities per order. Our Group had a market share, in terms of revenue, of approximately 0.1% for the year ended 30 April 2016 in the Hong Kong apparel SCM industry.

According to the Frost & Sullivan Report, we are categorised as a Group 1 apparel SCM service provider and can achieve Level 1 complexity of order management in the apparel SCM service market. Our competitive advantages can be concluded as follows:

Service Comprehensiveness	**Group 1**	**Group 2**	**Group 3**
	√		
Complexity of Order Management	**Level 1**	**Level 2**	**Level 3**
	√		
Price Range of Product	**High-end**	**Middle-end**	**Low-end**
	√	√	

Source: Frost & Sullivan

Group 1 apparel SCM service provider

We can provide comprehensive customised services for the customers, including design and development, sourcing, production management, quality assurance, logistics management and social compliance monitoring. According to the Frost & Sullivan Report, compared to customers of Group 2 and Group 3 apparel SCM service providers, customers of Group 1 apparel SCM service providers are willing to pay higher profit margin for the customised orders, as these orders usually require for unique design, short production time and various styles which add to the difficulty of the services provided to those customers.

We target to provide mid- and high-end apparel products to our customers. Our average selling price to our customers during the Track Record Period ranged from HK$117.4 to HK$136.8. According to the Frost & Sullivan Report, the industry average mark-up between manufacture price and retail price in the UK apparel market is over eight times, depending on raw material costs, brand reputation and manufacturing location. As such, the estimated average retail price of our products ranges from approximately HK$939.2 to HK$1,094.4. According to the Frost & Sullivan Report, apparel products with retail price range of HK$105 to HK$950 is categorised as mid-end apparel products and apparel products with retail price range of HK$950 and above is categorised as high-end apparel products.

We are one of the top 200 market players under the Group 1 category, which generally can maintain more than 20% gross profit margin for the year ended 30 April 2016 and the four months ended 31 August 2016.

Level 1 complexity of order management

According to the Frost & Sullivan Report, apparel SCM service providers that attain Level 1 order management can handle the most difficult and complex orders, in particular those apparel products which are customised for each customer under their own specific requirements. We differentiate ourselves from other apparel sourcing providers as we are able to source apparel products with:

(i) Shorter production lead time

we are generally able to achieve a production lead time of six to 12 weeks, which is shorter than other market players of approximately 12 to 16 weeks. We can achieve this short lead time, even for complex designs with usage of variety of materials such as fabrics and trims, and embellishments; and

(ii) Smaller quantities per order

we are generally able to source small quantities per order, with the average quantity per order of approximately 1,000 units, 810 units and 560 units for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. This is compared with the majority of other apparel market players which are in other levels of order management, who usually handle large quantity orders.

We believe that as a Group 1 apparel SCM service provider that attains Level 1 apparel order management, we are in a better bargaining position and can charge at a higher premium to our customers, who order with small quantities with a short production lead time.

Please refer to the section headed “Industry Overview — Challenges and opportunities — Competitive landscape” in this prospectus for further details.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive strengths:

A stable and growing customer base that include international branded customers

Our Group has been providing apparel designing and sourcing services for Fashion Retailers and Online Fashion Retailers since 2011. During the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, we have a customers base of 16, 24 and 19 customers, respectively, to whom we have provided reliable and timely delivery of apparel products. Throughout the Track Record Period, most of our major customers have had approximately 16 to 65 months of relationship with us. Revenue attributable to our recurring customers accounted for approximately 95.7%, 96.0% and 97.1% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Please refer to the sub-section headed "Our customers" in this section for details.

Our Directors are of the view that through the quality of our services and close contact with our customers, we are able to have greater understanding of their needs and preferences which allows us to provide tailor-made and value-added services to them and to benefit from the stable source of revenue. Further, we believe that our close relationship with our customers enhances our recognition in the design and sourcing market and helps to establish good references for our new customers in the future.

We are a comprehensive designing and sourcing service provider

We are a comprehensive apparel designing and sourcing service provider, which include design and development, sourcing of suppliers, production and logistics management and quality assurance. By engaging us as their apparel designing and sourcing service provider, our customers can rely on us to meet their needs along the apparel supply chain. We believe that this is more cost-effective and time-efficient for our customers, as our customers do not have to separately engage different service providers for the services required for each step in the apparel supply chain.

Our senior management has extensive experience in the apparel industry, which enables us to understand better the needs of our customers and the market trend, and to meet their specific requirements through our comprehensive service. We actively make suggestions to our customers as to the types of fabric and other apparel components for manufacturing of the apparel products with reference to their target price, production efficiency and any other specific requirements proposed by our customers. We also develop our in-house designed collections, with the assistance from our design consultants, to offer our customers more choices of apparel products. Based on the knowledge and expertise of our design and development team, as well as the assistance from our design consultants, we believe we are able to advise our customers on the suitable fabrics and apparel components that are of acceptable quality, trendy and cost-efficient. We are generally able to manage the whole process from initial design to final design between two to four weeks.

Although we do not possess any production facility, our close and stable relationship with our Approved Suppliers has enabled us to source orders for our customers in a manner that is reliable and timely to meet the scheduled delivery time. We are generally able to manage the whole process from our customer placing an order to delivery of finished apparel products in approximately six to 12 weeks. As we do not operate or control any production facilities, we generally do not incur any manufacturing and related labour costs and enjoy a certain degree of flexibility by outsourcing the related production work to our Approved Suppliers. For instance, when there is an increase in the number of orders from our customers, we can allocate the orders to different Approved Suppliers. Whereas when there is a decrease in the number of orders from our customers, compared to other companies with production facilities, our business will be less vulnerable as we do not bear any manufacturing-related costs and costs of running the production facilities.

The application of stringent quality assurance and control measures

Building the trust and confidence of our customers is of paramount importance to us. We believe that by delivering high quality apparel products to our customers, we would be able to maintain the trust and confidence of our customers. We have adopted stringent quality assurance and control measures to ensure the apparel products are of high quality and meet the specifications requested by our customers. We have internal guidelines and policies governing our procedures in (i) selecting and monitoring of suppliers to ensure that they are suitable; (ii) inspecting certain materials procured by our Approved Suppliers; and (iii) conducting inspections at various stages of the apparel production process. We believe that our ability to deliver high quality apparel product has enabled us to maintain a portfolio of Fashion Retailers and Online Fashion Retailers. Details of our quality assurance on our suppliers is set out in the sub-section headed "Quality assurance" in this section.

Capable management with extensive industry experience

We are led by a capable management with extensive industry expertise and experience. Each of our executive Directors has over 14 years of experience in the apparel industry. The combination of their foresight and in-depth industry knowledge have enabled the executive Directors and senior management to formulate sound business strategies, assess and manage risks, anticipate changes in customer preferences, and capture significant profitable market opportunities. Moreover, the executive Directors and senior management have played a key role in instilling and fostering a distinct corporate culture that promotes responsibility, achievement and innovation, which in turn encourages the delivery of consistent and quality apparel designs and products. We believe our capable management possesses the leadership, direction, commitment and qualifications to manage and sustain our business and to ensure our continued growth.

OUR BUSINESS STRATEGIES

We aim to maintain our growth in the apparel designing and sourcing service industry and enhance our overall competitiveness and market share. We intend to achieve our objectives by adopting the following key business strategies:

Further strengthening the relationships with our existing customers and developing relationships with new customers, including setting up a flagship showroom in Hong Kong

We plan to develop further our apparel designing and sourcing services business by continuously seeking opportunities with our existing customers and new customers, in particular fashion retailers who have online sales platforms. As disclosed in the section headed "Industry Overview" in this prospectus, it is anticipated that the demand for global apparel retailing and online apparel retailing will continue to grow at CAGR 5.0% and 12.6% respectively, from 2016 to 2020, representing significant market opportunities for apparel designing and sourcing services provider like ourselves. In view of the above, we believe we benefit from this increasing trend and will continue to utilise our extensive experience and knowledge in building our market position in this industry globally by the following means:

Setting up and expanding physical showrooms

Our showrooms are venues to display our latest design concepts, our sample apparel products and various types of fabric and other apparel components. We believe that a well decorated and inspiring physical venue assists us in winning new purchase orders from our existing and new customers. While they select sample apparel products from our showrooms or they discuss with us design modification from preliminary designs, a face to face discussion conducted in our showroom can improve communication and shorten the design lead time.

According to Frost & Sullivan, as an effective way for customer relationship management and user experience optimisation, showrooms have demonstrated the following two advantages through displaying our latest apparel products: (i) abundant visual appearance as showrooms make store display more vivid, life-oriented and scenario-based, comparing with traditional homogenous physical stores; and (ii) better communication as showrooms shorten the psychological gap between stores, products and brands which helps to improve customers experience.

After opening our first showroom in the UK in 2014 and expanding our showroom in Hong Kong in 2015, both of which are leased by us, we have recognised further growth as demonstrated by our financial performance and the number of new customers for the year ended 30 April 2016 as compared to the year ended 30 April 2015. Our overall revenue increased by approximately HK$18.6 million or 13.2% from approximately HK$140.3 million for the year ended 30 April 2015 to approximately HK$158.8 million for the year ended 30 April 2016 and increased by approximately HK$9.7 million or 19.4% from approximately HK$50.0 million for the four months ended 31 August 2015 to HK$59.7 million for the four months ended 31 August 2016. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, we had four, 10 and four new customers, respectively (being customers who have not made any revenue contribution to our Group in the previous financial year). The photograph below shows our existing showroom in the UK:

We believe that the opening of our showroom in the UK and expansion of our showroom in Hong Kong have contributed to our growth during the Track Record Period. Our customers usually visit our showrooms on a regular basis to check out our new apparel products. In particular, the showroom in the UK allows the customers in the UK to view more readily our latest apparel designs and also to speed up the overall design discussion process with our customers. By way of example, one of our major customers in the UK successfully launched its bridal collection that was selected from our in-house designed bridal collection as displayed in our UK showroom.

After the Listing, we intend to use part of our proceeds from the Share Offer to set up a new flagship showroom in Hong Kong (which will include our office headquarter) and to recruit a sales manager based in Hong Kong and a sales executive based in the UK.

Setting up flagship showroom in Hong Kong

Our customers visit our showroom in Hong Kong on a regular basis. Below are photographs of our existing showroom in Hong Kong:

Our major customer has shown preference for us to have a larger and better renovated showroom in Hong Kong. We believe that a larger and better renovated showroom in Hong Kong will enable us to display a full range of our apparel products and components, which can create more business opportunities to us. Furthermore, our Directors believe that a larger and permanent showroom would give more confidence to our customers and strengthen our corporate image. We currently lease a premises with an area of approximately 2,400 sq.ft., which served as our showroom and office. After the Listing, we intend to set up a new flagship showroom, together with our office headquarter, by acquiring a premises with approximately 4,500 to 7,000 sq.ft. with a budget of not more than HK$45.0 million. As at the Latest Practicable Date, we have identified two potential acquisition targets located in Kowloon Bay in Hong Kong. We have not entered into any provisional sale and purchase agreement or sale and purchase agreement. We intend to use HK$15.0 million of our proceeds from the Share Offer to finance the acquisition and the remaining portion of the acquisition price will be financed by way of internal resources and/or mortgage loan. The actual acquisition will be subject to the prevailing market price of similar premises located in the same area as well as the availability of other better options.

According to the Frost & Sullivan Report, a renovated showroom with a well-structured display is more appealing to customers, especially for the apparel industry, as many new collections of designs can be showcased to attract customers to place orders. Our Directors believe that a permanent sizeable showroom in Hong Kong will give confidence and will be more appealing to our customers, especially for our international branded customers, which is important for us to maintain the stable relationship with our existing customers and attract new customers especially in the fashion apparel market.

Reasons for acquiring a premises for our flagship showroom (which will include our office headquarter) in Hong Kong

Our Directors consider that it would be more beneficial for the Group to acquire, instead of leasing a premises for our flagship showroom, because:

(i) our Group will not be subject to the risk of early termination or non-renewal of our tenancy agreement by the relevant landlord. Our Directors believe a frequent change of the location of our flagship showroom, due to the potential non-renewal of our tenancy agreement by the landlord, is disruptive to our business, especially in respect of our image to our customers who frequently visit our showroom, and also creates undue burdens for our management in spending extra time and effort on the relocation and redecoration of the flagship showroom. Our Directors believe that a stable and sizeable showroom is critical for our Company to retain our existing customers and attract new customers;

(ii) our Group will not be subject to the risk of spending excessive decoration and renovation costs and moving costs for the new showroom if the landlord decides to terminate the lease or non-renewal of our tenancy agreement. According to our implementation plan, our Group intends to spend HK$2.9 million on decoration of the newly acquired premises with an area of approximately 4,500 to 7,000 sq.ft. in Hong Kong. In addition, according to the Frost & Sullivan Report, decoration and renovation expenses have significantly increased in the past five years. Such increases will further expose our Group to unnecessary spending on decoration and renovation of leased premises. Given the possibility of being evicted from the existing premises, our Directors believe that it is not in the interests of our Group to spend significant amount on decoration and renovation with the uncertainty of being evicted from a leased premises anytime during the lease;

(iii) our Group will not be subject to the risk of unexpected and substantial increase in rental expenses and we can have better control on our monthly expenses. According to the Frost & Sullivan Report, the rental expenses of industrial offices in Kowloon Bay increased significantly from HK$10.8 per sq.ft. in 2010 to HK$17.6 per sq.ft. in 2015, representing a CAGR of 10.3%. As at the Latest Practicable Date, we are at the initial stage of negotiating with our landlord for the renewal of the lease agreement for our Hong Kong office and we expect an increase in rental for the intended renewed term;

(iv) our Group can benefit from the increases in property value over time instead of just merely paying rental expenses without any return on investment. According to the Frost & Sullivan Report, historically, property prices in Hong Kong have been increasing which is in line with inflation. Therefore, our Directors believe owning a property can be a tool to hedge against inflation; and

(v) assuming HK$15.2 million out of the total budget of HK$45.0 million will be financed by a mortgage loan with annual prime rate of 2.5% from Hongkong and Shanghai Banking Corporation Limited as at the Latest Practicable Date, monthly depreciation and interest expenses for such mortgage are expected to be less than HK$146,200. This is less than the monthly rental expenses of HK$158,700 which is calculated based on the mid-point between the monthly rental expenses of a Kowloon Bay premises which is approximately 4,500 to 7,000 sq.ft. and at an average rental rate in Kowloon Bay of approximately HK$27.6 per sq.ft. according to the Frost & Sullivan Report. In terms of the impact of cash flow to our Group based on the similar assumption set out above, the monthly cash outflow arising from acquiring the premise are expected to be less than HK$70,000 (comprising of the repayment of mortgage and the related interest expense), which is significantly less than the monthly rental cash outflow of approximately HK$158,700 if our Group were to lease such premise.

Reasons for setting up our flagship showroom (which will include our office headquarter) in Hong Kong instead of the UK

Our Directors are of the view that Hong Kong is a more suitable geographic location for setting up our flagship showroom (which will include our office headquarter) due to the following reasons:

(i) our UK showroom is intended to only showcase our latest in-house design collections. For our flagship showroom in Hong Kong, however, we intend to showcase our full range collection including both our latest in-house design collections and our historical archived design collections in order to demonstrate to our customers our track record in the apparel industry. A number of players in the apparel designing and sourcing service industry in Hong Kong also place great emphasis on setting up showrooms as showrooms are major tools to fully display the latest design collections and create a multi-sensory appeal for the potential customers;

(ii) given Hong Kong is a gateway to the PRC, our customers who are en-route to the PRC for their inspections of the factories of our Approved Suppliers frequently visit our Hong Kong showroom as we are able to display a comprehensive range of design collections in our Hong Kong showroom. In addition, our Directors believe that setting up our headquarter in Hong Kong can allow us to better monitor our suppliers based in the PRC;

(iii) we also use our showroom in Hong Kong as a venue for business negotiation with our customers. As such, we believe a stable and sizeable flagship showroom in Hong Kong portrays a more positive image in relation to our scale of operations. This will also enable our customers to build up confidence in our brand name since such customers tend to look for sizeable and reliable sourcing providers;

(iv) as we intend to attract new customers which are outside of the UK in the future, due to the position and accessibility of Hong Kong and the status of Hong Kong being an international financial centre and a gateway to the PRC, our Directors believe that setting up a flagship showroom in Hong Kong can attract more potential new customers from around the world; and

(v) it would be more convenient and cost-effective to set up our flagship showroom and headquarter in Hong Kong because: (1) our management, administration, and sales and sourcing teams are based in Hong Kong; and (2) the relatively lower profits tax rates and simpler tax regime with a narrower scope of taxable items for businesses in Hong Kong. The tax regime is simpler in Hong Kong as there are no capital gains tax and withholding tax in Hong Kong.

Expansion of our existing showroom in the UK

We opened our first showroom in the UK in 2014 and recently moved to a larger showroom in 2016 with a size of approximately 656 sq.ft.. As our customers are mostly based in the UK, we believe that expanding the showroom in the UK will allow us to respond quickly to customers' demand, and allow us to showcase certain products we offered, in particular our in-house designed collections. The expansion is expected to contribute growth and further strengthen our relationship with the existing customers and attract new customers, mostly in the UK and Europe.

Launching of our online showroom

We believe that having an online showroom will allow us to provide better services for our target customers, who are familiar with online sale experience. We target to launch an online showroom showcasing our 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. Our customers can instantaneously check out our latest apparel products and information on latest market trend through our online showroom. By building a multi-language online showroom, not only can our existing customers receive the latest information from us, but also we believe we will be able to reach fashion retailers globally with different cultural backgrounds and hence able to attract them to use our design and sourcing services due to a wider global reach. In addition, our Directors believe that an online showroom is a new model for us which will speed up further the design selection process by customers in order to support the growth of online retailers worldwide.

Further strengthening our design and development capabilities to enhance our business model

We believe the experience and in-depth industry awareness of our design and development team is one of the driving forces of our business and a key factor in further differentiating ourselves from our competitors. As at the Latest Practicable Date, we have four in-house designers in our design and development team based in Hong Kong or the UK and four design consultants who are located in the UK.

We intend to recruit additional experienced in-house designers to be located in each showroom and engage more external design consultants in different locations to strengthen our overall design and development capabilities, in particular, offer different design styles of apparel products to our customers and create more in-house designed collections. We intend to recruit four in-house designers, three of whom will be based in Hong Kong and one will be based in the UK, and one external design consultant to further strengthen our design and development capabilities. All in-house designers will report directly to Mr. Benny Choi, our executive Director, in Hong Kong.

In addition, we intend to support our staff to attend more international fashion shows and new fabric publications to ensure we will continue to be abreast of the fashion trends in the future.

Expand the geographical base of the third-party suppliers and diversify our supplier base

We plan to establish a sourcing office in the PRC in order for us to source new suppliers for the manufacturing of our apparel products for our customers. During the Track Record Period, our major Approved Suppliers for the manufacturing of apparel products are based in Shenzhen, Jiangxi and Zhongshan in the PRC. Our quality assurance team will be stationed at the sourcing office in the PRC to assist us in continuing to explore the possibility of engaging more Approved Suppliers in different areas in the PRC that provide products of similar quality at lower costs. We believe this may in turn reduce our costs of manufacturing apparel products, and hence, allowing the pricing of apparel products to be more attractive for our customers. We intend to recruit a sourcing manager and four sourcing executives under the sales and sourcing team, and two quality controllers and a garment technician under the quality assurance team, respectively.

Enhancing our corporate image to attract customer attention

We plan to utilise our market presence and quality apparel design and sourcing services to attract new customers in different markets across the world. We intend to participate in major fashion trade shows and fairs globally in order to create a higher profile and corporate image. This will enable us to market our comprehensive apparel design and development, sourcing management and quality assurance management services to new customers to broaden our revenue sources.

Widen our product offerings

During the Track Record Period, we provided apparel designing and sourcing services mainly for a wide range of women and children apparel. We intend to widen our women and children apparel collections to include products such as knitwear. We also intend to broaden our product offering by including menswear apparel products. Our Directors believe that by widening our product offerings and leverage on our existing customer base, we will be able to offer more choices to our customers and also attract new customers, which in turn create new business opportunities.

REASONS FOR AND BENEFITS OF THE LISTING AND THE SHARE OFFER

1. To capture the fast growing trend of the online apparel market

According to the Frost & Sullivan Report, (i) the global online apparel retail market will continue to grow at a CAGR 12.6% from 2016 to 2020; (ii) the online apparel retail market will maintain a strong growth and reach nearly 50% of total sales value of the global apparel market in 2020; and (iii) there is a growing trend that the Fashion Retailers are gradually shifting their business model from selling apparel products, through their physical retail outlet, to their online sales platforms.

Given the fast growing trend and fast changing landscape of the online apparel market, it is important for us to act quickly to capture this opportunity so that we can remain competitive and continue our growth.

Our track record has been built on our business strategies where we expanded our presence to our customers with the opening and expansion of our showrooms and also increasing our manpower capability to cater better for our customers' needs. Therefore, our Directors believe that the full implementation of our business strategies, as listed in the section headed "Business — Our business strategies", is important for capturing future potential business opportunities and for our future business development.

Our Directors believe our showrooms are one of the important factors that our customers would consider before they place purchase orders with us. According to the Frost & Sullivan Report, the use of showrooms enables our customers to inspect physically our apparel and fabric samples, which is considered to be the preference of our customers. As such, our Directors believe that a sizeable and better renovated showroom with comprehensive range of design collections can create more business opportunities, increase our profitability and assist us in winning new purchase orders from our customers.

Our manpower capability, in particular the numbers of employees in the sales and sourcing team and design and development team, and the numbers of external design consultants, is positively correlated with the growth of our revenue during the Track Record Period. Therefore, our Directors believe a more sizeable workforce is able to support our continued revenue growth in the future.

After the opening of our first showroom in the UK in September 2014 and our expansion of our showroom in Hong Kong in July 2015, together with the expansion of our sales and sourcing team and engagement of external design consultants in the UK and other reasons as set out under the sub-section headed "Management's discussion and analysis of the results of the operations — Gross profit and gross profit margin" in the "Financial Information" section in this prospectus, we have recognised significant and continuous improvement in (i) our total revenue; (ii) our gross profit; (iii) our gross profit margin; (iv) our average unit selling price; and (v) the number of new customers, most of which are from the UK and Europe:

– our total revenue increased by 13.2% from the year ended 30 April 2015 to the year ended 30 April 2016 and increased by 19.4% from the four months ended 31 August 2015 to the four months ended 31 August 2016;

– our gross profit increased by 47.6% from the year ended 30 April 2015 to the year ended 30 April 2016 and increased by 40.5% from the four months ended 31 August 2015 to the four months ended 31 August 2016;

– our gross profit margin increased from 17.5% for the year ended 30 April 2015 to 22.9% for the year ended 30 April 2016 and increased from 19.3% for the four months ended 31 August 2015 to 22.7% for the four months ended 31 August 2016;

– our average unit selling price increased by 16.5% from the year ended 30 April 2015 to the year ended 30 April 2016 and increased by 4.9% from the four months ended 31 August 2015 to the four months ended 31 August 2016. The significant increase in average unit selling price represents our customers are willing to spend more in general on each of the items that they order; and

– we had four, 10 and four new customers (being customers who have not made any revenue contribution to our Group in the previous financial year), for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

Our Directors believe that the revenue growth of our Group has been positively correlated with the increase in the number of employees for design and development team, sales and sourcing team and quality assurance team, as well as the number of external design consultants engaged by us. As illustrated in the table below, the total number of employees for design and development team, sales and sourcing team and quality assurance team (including the number of external design consultants engaged be us) increased from 10 person to 17 person from 30 April 2015 to the Latest Practicable Date. As such, our Directors considered that recruitment of these additional staff is an important factor to enhance our Group's ability to perform better and stimulate continuous growth.

	For the year ended 30 April	
	2015	**2016**
	HK$'000	*HK$'000*
Revenue	140,285	158,838

Headcount	As at 30 April 2015	2016	Latest Practicable Date	After implementation of our future plan after Listing
Design and development	1	1	5	7
Sales and sourcing	7	7	7	13
Quality assurance	1	1	1	5
Sub-total	9	9	13	25
External design consultants	1	3	4	5
Total	10	12	17	30

Our Directors also believe that another important driving force for our Group's need to recruit additional employees is the current disparity between the number of sales managers and customers. As at the Latest Practicable Date, our Group had four sales managers who were handling a portfolio of 30 existing customers. Our Group also has six potential customers which are located in Europe who have shown their interests in engaging our services. Furthermore, our Company needs to strengthen our design capability in order to compete in the apparel designing and sourcing market by engaging additional design consultants to widen its product offering, which our Directors believe would retain businesses from our recurring customers and also attract new customers.

Based on our executive Directors' experience, each sales manager should generally be able to handle approximately seven customers concurrently (depending on the frequency and volume of orders placed with our Group). We believe that by hiring additional staff, particularly two additional sale managers/sales executives, will allow us to cater for the demand of the increasing number of our customers and thereby promote effective operation and enhance our business expansion.

a) Why our Group does not intend to use internal resources to fund our implementation plan

The Share Offer can provide sufficient and immediate funding for our Group to fully implement our strategies as disclosed in the sub-section headed "Our business strategies" in this section. Our Directors are of the view that if we only use our internal resources to fund our implementation plan, it may take more than two years to accumulate enough internally generated cash flow for full execution of our implementation plan. Our Directors believe it will take too long and our Group will miss out from this fast growing trend, which is not in the best interests of our Company.

b) Why our Group does not intend to use banking facilities to fund our implementation plan

During the Track Record Period, our Group has only been able to obtain limited amount of banking facilities, supported by personal guarantee provided by Mr. Charles Choi, our Controlling Shareholder. As stated in the banking facility letter (including overdraft, documents against acceptance and export trade loans) dated 24 August 2016 (the "**Banking Facility Letter**"), the aggregate outstanding amount under our Group's current facilities shall not at any time exceed HK$10 million, among which the amount of overdraft is limited to HK$2 million, with an annual interest rate of approximately 5% on daily balances, payable monthly in arrears. However, if the overdraft amount drawn by our Group exceeds the limited amount of HK$2 million (but below HK$10 million), the annual interest rate will increase to 13%. The facilities granted under the Banking Facility Letter are subject to review at any time and in any event by 31 August 2017. Our Directors believe that the facilities under our Group's Banking Facility Letter are not sufficient and our Group was not able to fully execute our implementation plan, such as establishing a permanent flagship showroom in Hong Kong, by using the limited amount of banking facilities, because:

1. it is our Directors' understanding that the documents against acceptance and export trade loans are facilities granted to our Group to finance its trade with customers instead of for corporate development as shown from the expansion plan; and

2. even if the facilities can be used for financing the expansion plan, the overdraft amount is limited to HK$2 million with an annual interest rate of approximately 5%, and a rate of 13% will apply for an overdraft amount above HK$2 million but below HK$10 million. Such rates are much higher than the annual prime rate of 2.5% from Hongkong and Shanghai Banking Corporation Limited as at the Latest Practicable Date and is not commercially viable for our Group to rely upon for its expansion plan.

c) Why our Group does not intend to use pre-IPO financing to fund our implementation plan

Our Group has discussed with several potential investors for additional funding to further develop our business. However, our Group does not consider the terms of those offers to be favourable for our best interests and our long term development.

d) Why our Group prefers to use the proceeds from the Share Offer to fund our implementation plan

After considering the limitation of using our internal resources, bank financing and pre-IPO financing, our Directors believe that raising new capital by way of the Listing is for the best interests of our Group to implement our business expansion plan, as set out in the sub-section headed "Our business strategies" in this section, in the future.

2. Having a platform for continuous fund raising

Our Directors believe having a listed platform can facilitate the funding of our Group's future development as our Group has the ability to raise future equity. In addition, as a listed company it is expected that it will be able to obtain debt financing from financial institutions on more favourable terms than the terms that are currently available.

3. To increase our competitiveness in the fashion industry

Some of our competitors, in particular apparel SCM service providers, are companies listed on the Stock Exchange. By way of example, one of our competitors which engaged in similar business as ours, Season Pacific Holdings Limited (stock code: 8127) ("**SPHL**"), was listed on the Stock Exchange on 7 October 2015 and recorded strong financial performances since then. SPHL's revenue and net income (excluding listing expenses) have exhibited a growth of 10.8% and 6.1%, respectively, between the years ended 31 March 2015 and 31 March 2016. In addition, according to SPHL's latest published quarterly report dated 10 August 2016, its revenue has exhibited a year-on-year growth of 12.8% between the three months ended 30 June 2015 and 30 June 2016.

According to the Frost & Sullivan Report, being a listed company can enhance our corporate image, which is considered to be an important factor for customers, particularly international branded fashion retailers, when they choose their suppliers of apparel products. After the listing of SPHL, SPHL recorded increase in its revenue, which was mainly attributable by its new customers in the US according to the SPHL's latest annual report dated 29 June 2016.

Further, according to SPHL's prospectus dated 29 September 2015, SPHL intends to utilise approximately 93.5% of its net listing proceeds on, among other things, expanding the geographical coverage of customers, expanding the geographical base of third-party manufacturers, enhancing design and development capabilities and expanding product types to further cater customers' needs. The implementation of these business strategies may strengthen its competitiveness and as a result, capture a larger market share.

As listed companies, these competitors are in a more advantageous position in terms of funding and corporate image. Based on the abovementioned reasons, our Directors believe that the Listing of our Company will not only help us to maintain our competitiveness against our competitors, but will also enhance our corporate profile, corporate image and our credibility with our customers, suppliers and banks.

4. To enable our Group to further enhance its sustainability

Our Directors, after also taking into account the factors stated in "Business — Sustainability of our business" below in this section, believe that pursuing the Listing and the Share Offer will enable our Group to enhance its sustainability and reduce its reliance on its Controlling Shareholders. Further details of our independence from the controlling shareholders after Listing are set out in "Relationship with our controlling shareholders — Independence from the controlling shareholders" in this prospectus.

5. To achieve a broader shareholder base

We believe that the Listing will enhance the liquidity of the Shares by achieving the listing status of the Shares which will be freely traded on the Stock Exchange when compared to the limited liquidity of the Shares that are privately held before the Listing. Furthermore, it may offer us a broader shareholder base which could lead to a more liquid market in the trading of the Shares.

SUSTAINABILITY OF OUR BUSINESS

Our Directors are of the view that our business is sustainable based on the following factors:

1. we have been providing apparel designing and sourcing services for Fashion Retailers and Online Fashion Retailers since 2011. We have been able to retain our major customers as demonstrated by our revenue attributable to recurring customers, which accounted for approximately 95.7%, 96.0% and 97.1% for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively;

2. as at the Latest Practicable Date, our Group was a major supplier for a large number of fashion retailers including international well-known branded fashion retailers. For instance, our Group is one of the top three suppliers globally for Monsoon (in the clothing area including women and children) in terms of its purchase costs, one of the top suppliers in Asia for East, one of the largest suppliers in Asia for Long Tall Sally, one of the top suppliers for ASOS (in womenswear products) in terms of its purchase costs and one of the largest suppliers in Asia for Lamoda in terms of its purchase costs. We possess a good reputation in the industry, stable and long term relationship with major players in the apparel industry and extensive experience in providing design and sourcing services which we believe we are able to cater to the needs of our major and potential customers;

3. the repeated orders placed by our recurring customers are testament of our sustainability and our ability to retain existing customers. During the Track Record Period and up to the Latest Practicable Date, we were also able to expand our customer base by increasing the number of new customers such as Zalando which is an international branded Online Fashion Retailer and another international branded Fashion Retailer from the UK. Please refer to the sub-section headed "Our customers" in this section;

4. according to the Frost & Sullivan Report, the global apparel retail market and global online apparel retail market will continue to grow at a CAGR of 5.0% and 12.6% from 2016 to 2020, respectively. The growing market size of global online apparel retail market will not only benefit our customers, but also our Group's future business development. The market size of Hong Kong overall apparel SCM service and high-end apparel SCM service will also continue to grow at 4.0% and 6.9% from 2016 to 2020, respectively. We believe we, compared to the traditional sourcing service providers, can better cater the increasing demand from the Online Fashion Retailers;

5. following Brexit, our major customers in the UK have confirmed to us in July 2016 that they do not anticipate there will be any material adverse change to the purchase orders to be placed with us, nor will there be any changes to our business relationship with them in the near future. In terms of our foreign currency risk after Brexit, after which the GBP has depreciated against US$ up to the Latest Practicable Date, we recorded a net exchange loss of approximately HK$2.5 million for the four months ended 31 August 2016 as a result of our trade receivable and bank balances that were denominated in GBP as at 31 August 2016. In order to minimise our foreign currency risk, the invoicing currency with all our existing customers who were billing us in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers. During the Track Record Period, the total revenue generated from two of the aforesaid customers only represented 2.9%, 4.1% and 7.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and we have only received payment from the third customer for their first order in August 2016. Despite the above, we may still be exposed to the depreciation of GBP against US$ as our UK customers could still wish to negotiate with the Group for lower purchase price in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP as discussed in the "Risk Factor — We are exposed to currency exchange rate fluctuations because we receive a majority of our revenue in US$ and GBP, but incur many of our expenses in other currencies. Future exchange rate fluctuations between the US$ and GBP and certain other currencies, such as RMB, may adversely affect our business." in this prospectus. Therefore, save for the above, our Directors do not expect our financial results to be materially affected by the depreciation of against US$ in the future; and

6. as at the Latest Practicable Date, we have signed long-term framework supplier agreements with a number of our major Approved Suppliers, which we believe would enable us to maintain stable supply of quality apparel products.

Although competition remains, our Directors expect that given (i) the growing opportunities and magnitude of demand for design and sourcing services by branded fashion retailers, particularly Online Fashion Retailers; and (ii) our competitive strengths as disclosed in "Business — Our competitive strengths" above in this section which are in line with the factors of competition stated in the section headed "Industry Overview — Challenges and opportunities — Competitive landscape" in this prospectus, our Directors consider that our Group is able to maintain its position in the market.

OUR BUSINESS

We are an apparel designing and sourcing service provider for branded fashion retailers, in particular for womenswear and childrenswear, accommodating the needs of our customers along the apparel supply chain so that they can concentrate on their retail business. We directly liaise with our customers and we do not operate through any sourcing agents. Our Directors believe that direct contact with our customers will allow us to understand better the needs of our customers and strengthen our relationship with our customers. Our apparel designing and sourcing service mainly consist of (i) design and development; (ii) sourcing of suppliers; (iii) production and logistics management; and (iv) quality assurance.

Design and development

When our customers approach us for our designing and sourcing services, we discuss with them their needs and any specific requirements such as product design, quantity, delivery time and target price of the apparel products. Our customers either (i) select from our in-house designed collections as displayed in our showrooms; or (ii) have our design and development team to produce a tailored design based on customers' specifications and requirements, with the assistance from our design consultants. We offer design ideas and suggestions on product improvements of their designs based on latest fashion trends, seasonal themes, main colours and materials. After finalising the design, we will select apparel suppliers from our list of Approved Suppliers. The selected Approved Supplier will produce prototype samples for our customers' consideration and provide a price quotation. When necessary modifications will be made to improve the product design. We would then provide preliminary price quotation to our customer on a cost-plus basis. We are generally able to manage the whole process from development of the initial design to producing the final design in two to four weeks.

Our typical design and development process is briefly described in the following charts for illustrative purpose (Note):

Note: Our actual design and development process may vary depending on a number of factors, including the complexity of the design and our customers' requirements.

Our design and development team

Our design and development team comprises four members as at the Latest Practicable Date, including Mr. Benny Choi, our executive Director and head of design and development team, who is responsible for leading our design and development team which determines the design of our apparel products based on the latest fashion trends and themes, seasonal themes, colours to be used and materials to be used. Our design and development team is also assisted by our external design consultants, who have strong industry background in the fashion industry. We entered into confidentiality agreements with all members of our design and development team to keep confidential of our information, including but not limited to, new product development processes and results as well as intellectual property and formulation.

Our design and development team is responsible for determining the seasonal themes, main colours and materials to be used. Our research process involves us researching and observing fashion trends, keeping abreast of the latest trends and developments in new designs and types of fabric, primarily through various channels such as fashion shows and exhibitions, exhibitions relating to launching of new fabrics, and our sales information in relation to end customer purchasing patterns. In addition, our design and development team, with the assistance from our design consultants, will explore different styles of design for our apparel products so as to enable us to offer a more attractive price to our customers.

During the Track Record Period, our design and development team developed our in-house designed collections generally on a monthly basis with the assistance from our design consultants and those designs would be recommended to our customers.

Our design consultants

We engage external design consultants to provide assistance to our design and development team on matters including design of our in-house designed collections, seasonal trends, theme positioning, colour scheme and materials to be used for the apparel products. They will also provide comments on our product samples, assist us in determining styles, crafting and materials used in our final samples, if necessary. Our Directors believe that engaging additional experienced external design consultants, in particular designers who exhibited their collections at major fashion weeks, is beneficial for us as our design product range will be wider and more diversified to appeal to our existing customers and attract any new customers in the future.

The design consultants we engaged were selected based on their knowledge and experience in the fashion industry, professional capability to capture and respond to the fashion trends, reputation in the industry, alignment with our motto, concept and theme and service quality. We also expect our design consultants to assist us to facilitate initial contact with potential customers. Most of these individuals have been known to our Group for a number of years. As at the Latest Practicable Date, we had appointed four design consultants, who were Independent Third Parties, all of them have strong industry background in the fashion industry and two of them were award-winning designers who exhibited their collections at the London Fashion Week.

Consultancy fees for the design consultants are payable monthly or on a job order basis. The consultancy fees are determined based on arms-length negotiations, taking into account the experience, professional capability and quality of design we generally require, and service offered by the design consultants. With respect to the designs provided by the design consultants to us, the intellectual property rights of such designs are owned by us and we require our design consultants to provide exclusive designs to us. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, consulting fees incurred were approximately HK$0.7 million, HK$1.0 million and HK$0.4 million, respectively. It is our internal policy to recognise consultancy fee when they were incurred.

Sourcing of suppliers

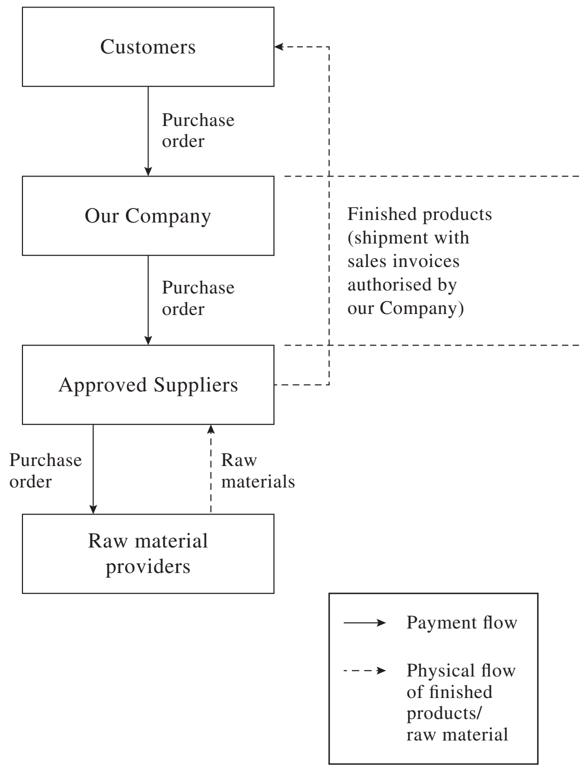
We do not have our own manufacturing capabilities. We outsourced the entire production processes of our apparel products to our Approved Suppliers so that we could focus on our designs and sourcing services. We select suppliers of our apparel products from the list of our Approved Suppliers based on the requirements of our customers including order size, complexity of design, production capacity, staff resources, quality control effectiveness, any specific configurations as required by our customers, and social compliance qualifications. Most of our major customers generally require our Approved Suppliers to possess social compliance qualifications. In order to ensure that the finished apparel products can be delivered in accordance with our customers' requirements, we estimate the amount of time required for production based on our past experience and discuss with our customers and the selected Approved Supplier to fix a feasible production schedule. All of our major Approved Suppliers for the manufacturing of apparel products are based in the PRC as our Directors believe that the PRC manufacturers in general have the capability to manufacture sophisticated and higher value-added products compared to manufacturers in other developing countries in Asia. The close proximity with our Approved Suppliers also enable us to monitor closely the overall production process carried out by our Approved Suppliers. Our sales and sourcing team is responsible for the overall production management including the sourcing of suppliers for the apparel to be procured for our customers.

Based on the finalised product design and specification requirements, we would engage our Approved Suppliers to produce a product sample and provide a price quotation. We would then provide a preliminary price quotation to our customer on a cost-plus basis. Where necessary, modification will be made to improve the product design. Once the customers and we are satisfied with the product sample, we confirm with our customers the details of the purchase order, which includes the final price, quantity, payment terms and shipping terms. The finished apparel products are generally shipped directly from our Approved Suppliers to our customers.

We are generally able to manage the whole process from our customer placing a purchase order to delivery of finished apparel products in approximately six to 12 weeks, which is shorter than other market players of approximately 12 to 16 weeks.

Our Approved Supplier would source suitable raw materials from their raw material providers. In some circumstances, our sales and sourcing team would give recommendation to our Approved Suppliers as to where to source a particular type of raw material. We request our Approved Suppliers to maintain an extensive portfolio of raw material providers, for the supply of a wide range of raw materials of acceptable quality with a view to ensuring the products produced by our Approved Suppliers meet the specifications requested by our customers.

The following diagram illustrates the flow of raw materials and finished goods during the Track Record Period.



We did not experience any material delays caused by our Approved Suppliers that had material adverse effect on our financial results or business operations during the Track Record Period.

Production and logistics management

Our sales and sourcing team is responsible for the overall production management and our shipping team is responsible for the overall logistics management. We provide our production and logistics management service through the following means:

(A) Monitoring and controlling of the provision of our apparel designing and sourcing services through the use of our ERP system

Our ERP system is used throughout our apparel designing and sourcing process. Various stages of our apparel designing and sourcing process are recorded on our ERP system so that we can readily access the information relating to our business operations. This allows us to access information on each customer's orders, the status of incomplete orders, unpaid invoices and whether each stage of the apparel supply chain has been completed. As a result, we are able to respond to enquiries from our customers on the status of their respective orders on a timely basis, which we believe is essential to enhance our customers' experience in using our apparel designing and sourcing services. We believe our ERP system allows our management to make more informed decisions in terms of cost estimates and lead times so that we can provide effective apparel designing and sourcing services to our customers.

(B) Preparing the relevant documents and coordinating the transportation of finished products from our Approved Suppliers to our customers' designated location

We typically prepare shipping documents such as packing lists and formal invoices for shipping purpose. We also coordinate the transportation of finished products from our Approved Suppliers to our customers' designated location. In most cases, the finished products will be delivered from the warehouse of our Approved Supplier to the port specified by our customer. The logistic arrangement and the related transportation costs are borne by our Approved Suppliers if the finished products are delivered to the ports located in the PRC. On the other hand, such logistic arrangement and the related transportation costs are borne by us if the finished products are delivered to the ports located in Hong Kong. The purchase orders that we enter into with our customers generally specified that the items sold are to be delivered to them on a FOB basis. We also have corresponding terms in the purchase orders with our Approved Suppliers that all goods ordered are to be delivered on FOB basis. By having this arrangement, we are able to minimise our risk as the title of the goods are transferred to our customers at the designated ports of shipment in Hong Kong or the PRC. Since our obligations under the logistics arrangement ends once the apparel goods are delivered to designated port of shipment either in Hong Kong or the PRC, we are not considered as importers at the port of discharge in the UK or overseas in these circumstances.

Quality assurance

Our quality assurance team is responsible for the overall quality control process.

(A) Selecting and monitoring suppliers to ensure that they are suitable and that they operate in accordance with customer requirements and the ETI Base Code

Once our sales and sourcing team has identified potential suppliers, details of such suppliers will be passed to our quality assurance team and it will assess the qualification of such suppliers based on our written internal guidelines and policies. Details of our quality assurance on our suppliers is set out in the section "Business — Quality assurance" in this prospectus.

(B) Conducting inspections at each stage of the apparel production process

We have developed detailed written guidelines for our quality assurance. Through site visits, sample checking and review of progress reports from the Approved Suppliers, our quality assurance team works closely with the Approved Suppliers and monitors various stages of the manufacturing process.

Inspections of raw material and semi-finished apparel products are carried out by our quality assurance team at various stages of the manufacturing process. We will also engage an external inspector to inspect and perform laboratory test on our apparel products in accordance to the local and international standards, and produce to us an inspection report detailing the results of such inspection which would be provided to our quality assurance team for review and record.

A final inspection would be carried out on the finished apparel products before they are delivered to our customers to ensure our apparel product would uphold the standards demanded by us and our customers.

We actively provide advice to our Approved Suppliers on production details and product quality so that the finished apparel products are of good and consistent quality. Details of our quality assurance on (i) the raw material we procured for our apparel products; and (ii) the apparel production process, are set out in the section "Business — Quality assurance" in this prospectus.

APPAREL PRODUCTS WE SOURCED TO OUR CUSTOMERS

During the Track Record Period, the apparel products that we sourced to our customers were either womenswear and childrenswear, which include skirts, shirts, blouses, t-shirts, trousers, coats, jackets, dresses, bridal wear, blazers, cardigans, jumpsuits, playsuits, shorts and nightwear. Our apparel products generally target mid- and high-end sectors in the apparel market, which we believe is consistent with the target market of our customers. The table below sets out the breakdown of our Group's revenue generated from womenswear and childrenswear by revenue and percentage of total revenue during the Track Record Period:

	For the year ended 30 April				**For the four months ended 31 August**			
	2015		**2016**		**2015**		**2016**	
Product type	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
					(unaudited)			
Womenswear	114,880	81.9%	136,736	86.1%	41,412	82.9%	47,154	79.0%
Childrenswear	25,405	18.1%	22,102	13.9%	8,585	17.1%	12,529	21.0%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

According to the Frost & Sullivan Report, our Group is categorised as Group 1 within the apparel SCM service industry where we are able to achieve over 20% gross profit margin and can demonstrate a higher business integration level providing a comprehensive customised services for our customers, including design and development, sourcing, production management, quality assurance, logistics management and social compliance monitoring. We target mid- and high-end apparel products to provide for our customers which, according to the Frost & Sullivan Report, refer to apparel products with retail price range of HK$105 to HK$950 for mid-end apparel products and HK$950 and above for high-end apparel products.

Our design and development team, with assistance from our design consultants, is responsible for developing our in-house designed collections on a monthly basis, which are displayed in our showrooms to offer our customer for selection. It is our policy that the designs we produced for one customer will not be sold to other customers. Our Directors believe that, unlike traditional sourcing service providers which only offer sourcing and production services to customers, we have the capabilities to offer in-house designed collections to our customers, which widen our product offering and increase the chances for our customers to place additional orders with us, which in turns increase our revenue. Set out below are some of our in-house designed collections for womenswear and childrenswear:

Womenswear









Childrenswear

OUR CUSTOMERS

Our major customers

We have established a portfolio of Fashion Retailers and Online Fashion Retailers. During the Track Record Period, most of our revenue was derived from our sales to our customers in the UK which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Sales to our top five customers accounted for approximately 82.2%, 79.8% and 87.9% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Sales to our largest customer accounted for approximately 41.2%, 44.2% and 41.2% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The following table shows a breakdown of our Group's revenue and the percentage of our revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 from its top five customers:

For the year ended 30 April 2015

Customer name	Background	Length of relationship as at the Latest Practicable Date (Note) *(approximately in months)*	Revenue for the year *(HK$'000)*	% of Revenue
Monsoon	Monsoon was founded in 1973 when the first Monsoon boutique opened in London. Its head office is located in Notting Hill Village, West London. Today there are over 400 Monsoon and Accessorize stores in the UK, 20 in the US and 630 in the rest of Europe. Monsoon offers a range of products, including dresses, jackets, knitwear, shrugs, shoes, accessories, beach, children, occasion and wedding boutiques.	62	57,814	41.2%
ASOS	ASOS is a global fashion retailer for young adults. Founded in 2010, ASOS only sells cutting-edge clothing products via the Internet, making ASOS.com a fashion hub among young customers. ASOS now has set up bases in Sydney, New York and Munich, and its head office is in Camden, London. It offers dresses, jackets, skirts, jeans, knitwear, t-shirts, underwear, shoes, purses and other accessories.	62	29,708	21.2%
Customer J (Note 1)	Customer J is a UK based fashion house and womenswear concession retailer. It designs elegant head-to-toe outfits for all occasions. Its target customers are women who look for quality, stylish tailoring and attention to details. It was founded in 1972 by two tailors from London.	46	13,278	9.5%

Note: Except for Customer J from whom we have yet to receive any order since mid 2015 as the womenswear line that we supplied to it was discontinued, all of our top five customers during the Track Record Period have maintained continuous business relationship with us as they have been ordering products from us in every calendar year since the commencement of their business relationship with us.

Customer name	Background	Length of relationship as at the Latest Practicable Date *(approximately in months)*	Revenue for the year *(HK$'000)*	% of Revenue
East *(Note 2)*	East began as a small independent boutique in London in 1994. Headquartered in Wandsworth, South West London now, East provides eclectic collections of clothing, jewellery and accessories, including dresses, tops, knitwear, jackets, coats, skirts, trousers, shoes, bags and so on.	43	9,013	6.4%
Dunnes	Based in Dublin, Dunnes has been part of the fabric of Irish life for over 72 years. It offers a mix of contemporary fashion and stylish homewares both in store and online. The bestselling products are dresses, jackets, cardigans, t-shirts, trousers, jeans, skirts, sportswear, childrenswear, shoes and accessories.	63	5,517	3.9%
Total			**115,330**	**82.2%**

For the year ended 30 April 2016

Customer name	Background	Length of relationship as at the Latest Practicable Date *(approximately in months)*	Revenue for the year *(HK$'000)*	% of Revenue
Monsoon	Monsoon was founded in 1973 when the first Monsoon boutique opened in London. Its head office is located in Notting Hill Village, West London. Today there are over 400 Monsoon and Accessorize stores in the UK, 20 in the US and 630 in the rest of Europe. Monsoon offers a range of products, including dresses, jackets, knitwear, shrugs, shoes, accessories, beach, children, occasion and wedding boutiques.	62	70,231	44.2%

Customer name	Background	Length of relationship as at the Latest Practicable Date *(approximately in months)*	Revenue for the year *(HK$'000)*	% of Revenue
ASOS	ASOS is a global fashion retailer for young adults. Founded in 2010, ASOS only sells cutting-edge clothing products via the Internet, making ASOS.com a fashion hub among young customers. ASOS now has set up bases in Sydney, New York and Munich, and its head office is in Camden, London. It offers dresses, jackets, skirts, jeans, knitwear, t-shirts, underwear, shoes, purses and other accessories.	62	38,971	24.5%
East *(Note 2)*	East began as a small independent boutique in London in 1994. Headquartered in Wandsworth, South West London now, East provides eclectic collections of clothing, jewellery and accessories, including dresses, tops, knitwear, jackets, coats, skirts, trousers, shoes, bags and so on.	43	6,647	4.2%
Customer O	Customer O opened its first shop in Fulham in 1993, now based in Chessington. Its business covers fashion, jewellery, accessories, homeware, furniture and gifts. Coats, jackets, dresses, knitwear, skirts and beachwear are Customer O's major fashion products. Customer O is symbolic of special and aesthetic product design for customers.	43	5,947	3.7%
Lamoda	Lamoda was launched in Russia in 2011. It operates as a specialised online fashion retailer focusing on bags, shoes and accessories for girls.	31	4,934	3.1%
Total			**126,730**	**79.8**

For the four months ended 31 August 2016

Customer name	**Background**	**Length of relationship as at the Latest Practicable Date** *(approximately in months)*	**Revenue for the period** *(HK$'000)*	**% of Revenue**
Monsoon	Monsoon was founded in 1973 when the first Monsoon boutique opened in London. Its head office is located in Notting Hill Village, West London. Today there are over 400 Monsoon and Accessorize stores in the UK, 20 in the US and 630 in the rest of Europe. Monsoon offers a range of products, including dresses, jackets, knitwear, shrugs, shoes, accessories, beach, children, occasion and wedding boutiques.	62	24,590	41.2%
ASOS	ASOS is a global fashion retailer for young adults. Founded in 2010, ASOS only sells cutting-edge clothing products via the Internet, making ASOS.com a fashion hub among young customers. ASOS now has set up bases in Sydney, New York and Munich, and its head office is in Camden, London. It offers dresses, jackets, skirts, jeans, knitwear, t-shirts, underwear, shoes, purses and other accessories.	62	21,314	35.7%
Customer O	Customer O opened its first shop in Fulham in 1993, now based in Chessington. Its business covers fashion, jewellery, accessories, homeware, furniture and gifts. Coats, jackets, dresses, knitwear, skirts and beachwear are Customer O's major fashion products. Customer O is symbolic of special and aesthetic product design for customers.	47	2,402	4.0%
Long Tall Sally	Long Tall Sally was founded in England in 1976. It offers clothing and shoes for women taller in height and/or with bigger shoes sizes, both in retail outlet and online platform. Its products mainly include nightwear, suits, trousers, coats, skirts, dresses, leggings, loungewear, shorts and shoes.	65	2,102	3.5%

Customer name	Background	Length of relationship as at the Latest Practicable Date *(approximately in months)*	Revenue for the period *(HK$'000)*	% of Revenue
Customer R	Customer R was founded in 1948 and is one of the popular High Street brands in England. It offers head-to-toe products for men, women and children, both in retail outlet and online platform. Its main products include coats, dresses, skirts, inner, socks and shoes. It also offers other products such as jewelry, accessories, cosmetics and gifts. It is renowned for stylish and affordable fashion.	16	2,077	3.5%
			52,485	87.9%

Notes:

1. Customer J was not one of our top five customers for the year ended 30 April 2016 in terms of our Group's revenue because the womenswear line of Customer J that we supplied for it was discontinued.

2. East Limited went into administration on 22 June 2015 and thereafter changed its name to E 2015 Limited on 6 October 2015. East Lifestyle was incorporated on 16 June 2015. Both East Limited and East Lifestyle have operated under the same brand name of "East" and will be collectively known as "**East**" in this prospectus.

We liaise directly with our customers to obtain orders. We decide whether or not to pursue a business relationship with a new customer based on, among other things, the projected number of orders and size of orders that we expect to receive from such customers and their reputation. Some of our customers will provide to us their respective production projections. Such purchase projections provide an indication of the quantity of apparel products required by our customers. In addition to the above, as a risk management procedure, we conduct background search prior to the acceptance of any new customers.

We do not enter into long-term agreements with our customers. In general, information stated in our sales contract will include, among other, details of customer, payment terms, quantity in terms of units, trade and shipping terms, delivery date, detailed list of apparel products to be ordered and total contract price. During the Track Record Period, our sales to customers were denominated in either US$ and GBP. However, the invoicing currency with all our existing customers who were being billed in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers. During the Track Record Period, the total revenue generated from the two of the aforesaid customers only represented 2.9%, 4.1% and 7.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and we have only received payment from the third customer for their first order in August 2016. Our Group generally requests our customers to settle our account receivables by telegraphic transfer or by documents against payment and our Group may request deposits from some of the new customers in advance.

None of our Directors, or their associates, or any of our Shareholders, who, to the knowledge of our Directors, owns more than 5.0% of the issued share capital of our Company, had any interest in any of our top five customers for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Our Directors confirm that our top five customers during the Track Record Period are Independent Third Parties.

Recurring customers

We have been able to retain most of our customers during the Track Record Period. All of our five largest customers for the year ended 30 April 2016 and the four months ended 31 August 2016 were recurring customers. The table below set forths the number of our recurring customers (being customers which made revenue contribution to our Group in the previous financial year) for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 and their respective revenue contribution:

	For the year ended 30 April 2015	As a percentage of total number of customers for the year ended 30 April 2014	For the year ended 30 April 2016	As a percentage of total number of customers for the year ended 30 April 2015	For the four months ended 31 August 2016	As a percentage of total number of customers for the period ended 31 August 2016
Number of recurring customers	12	75.0%	14	58.3%	15	79.0%

	For the year ended 30 April 2015 *(HK$'000)*	As a percentage of total revenue for the same year	For the year ended 30 April 2016 *(HK$'000)*	As a percentage of total revenue for the same year	For the four months ended 31 August 2016 *(HK$'000)*	As a percentage of total revenue for the same period
Revenue attributable to recurring customers	134,239	95.7%	152,409	96.0%	57,938	97.1%

Our Directors believe that our high retention rate of recurring customers and the revenue attributable to our recurring customers as a percentage of our Group's total revenue have demonstrated our ability to provide quality products and services to our customers which in turn allow us to retain our customers and provide a stable source of revenue.

New customers

During the Track Record Period, we have developed a number of new customers. The table below set forth the number of our new customers (being customers who have not made any revenue contribution to our Group in the previous financial year) for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 and their respective revenue contribution:

	For the year ended 30 April 2015	As a percentage of total number of customers for the same year	For the year ended 30 April 2016	As a percentage of total number of customers for the same year	For the four months ended 31 August 2016	As a percentage of total number of customers for the same period
Number of new customers	4	25.0%	10	41.7%	4	21.1%

	For the year ended 30 April 2015 *(HK$'000)*	As a percentage of total revenue for the same year	For the year ended 30 April 2016 *(HK$'000)*	As a percentage of total revenue for the same year	For the four months ended 31 August 2016 *(HK$'000)*	As a percentage of total revenue for the same period
Revenue attributable to new customers	6,046	4.3%	6,429	4.0%	1,745	2.9%

As shown in the table above, the percentage of revenue contribution from the new customers for the year ended 30 April 2016 is 4.0%. These new customers only include customers who have not made any revenue contribution to our Group in the previous financial year. If new customers include "customers who have not made any revenue contribution to our Group prior to the Track Record Period", the percentage of revenue contribution from these new customers for the year ended 30 April 2016 would increase from 4.0% to 8.6%.

After the Track Record Period and up to the Latest Practicable Date, we were able to develop new customers such as Zalando. Our Directors believe that it is important for us to expand our customer base, in particular potential customers with a focus of sale of apparel products through online sales platforms, to increase our customer portfolio of brand fashion retailers and to continue our business growth in the future.

Customer concentration

Our Group's top five customers accounted for approximately 82.2%, 79.8% and 87.9% of its total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively while approximately 62.4%, 68.8% and 76.9% of our Group's total revenue were attributable to its two largest customers, Monsoon and ASOS, for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

According to the Frost & Sullivan Report, the two largest customers of our Group, namely, Monsoon and ASOS, are well-known international branded retailers and such customer concentration is not uncommon for this kind of customers. Our Directors consider that our Group's business model is sustainable despite such consumer concentration due to the following factors:

1. *Our Group has been able to expand our customer base to reduce the level of reliance*

    During the Track Record Period, most of our revenue was derived from our sales to our customers in the UK which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. We believe we can utilise our ability, experience, and reputation as a Group 1 player to expand our customer base in different geographical locations, in particular the potential customers with a focus on the sale of apparel products through online sales platforms.

    After the Track Record Period and up to the Latest Practicable Date, we have started our business relationship with (i) Zalando, being an Online Fashion Retailer based in Germany with highest growth in the apparel market in Germany at CAGR of approximately 79.4% from 2010 to 2015; and (ii) an international branded Fashion Retailer based in the UK.

2. *Our Group plans to diversify our business and has successfully developed new customers during the Track Record Period to reduce our reliance over our largest two customers*

    During the Track Record Period, number of our new customers represent 25.0%, 41.7% and 21.1% of the total number of customers for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Such increasing proportion of our new customers demonstrates our successful efforts in developing new customers to reduce our reliance over our major customers.

3. *The reliance between our Group and our major customers is mutual and complementary*

    The years of business relationship with our five largest customers range from approximately 16 to 65 months. We believe the reliance between our Group and our major customers is mutual and complementary. For example, our Group is one of the top suppliers of one of our major customers according to the 2017 spring-summer season intake projections provided by the said customer.

4. *We believe that our Group will be capable of maintaining its business in the near future in light of the positive outlook of the global online apparel retail market*

According to the Frost & Sullivan Report, the global apparel retail market and global online apparel retail market will continue to grow at a CAGR of 5.0% and 12.6% from 2016 to 2020, respectively. Meanwhile the online apparel retail market will maintain a strong growth and reach nearly 50% of total sales value in 2020. Our Directors believe that our Group is well positioned to capture the anticipated growing demand from the global online apparel retail market in the future.

In the event that any of our major customers substantially reduce the number of purchase orders placed with us or terminate its business relationship with us, our Directors consider that we would have extra capacity to handle other potential purchase orders from new customers, in particular from the demand of Online Fashion Retailers, in view of the anticipated growing demand from the global online apparel retail market. In addition, we intend to take the following concrete steps going forward in order to diversify our customer base:

- After the Listing, our Group intends to spend 62.3% of the net proceeds from the Share Offer on further strengthening the relationships with our existing customers and developing relationships with new customers which will include the purchase of a new showroom in Hong Kong and it will also serve as our office headquarter.

- As discussed under "Reasons for and benefits of the Listing and the Share Offer — To capture the fast growing trend of the online apparel market" in this section, our Directors considered that recruitment of additional staff upon the Listing is an important factor to enhance our ability to perform better and stimulate continuous growth. As at the Latest Practicable Date, our Group had four sales managers who were handling a portfolio of 30 existing customers. Our Group also has six potential customers which are located in Europe who have shown their interests in engaging our services. Furthermore, our Company needs to strengthen its design capability in order to compete in the apparel designing and sourcing market by engaging additional design consultants to widen its product offering, which our Directors believe would retain businesses from our recurring customers and also attract new customers. Based on our executive Directors' experience, each sales manager should generally be able to handle approximately seven customers concurrently (depending on the frequency and volume of orders placed with our Group). We believe that by hiring additional staff, particularly two additional sale managers/sales executives, will allow us to cater for the demand of the increasing number of our customers and thereby promote effective operation and enhance our business expansion.

In addition, our Directors believe that new customers are usually referred to us by those with knowledge of our services and quality, or through personal and business contacts of our Directors. We are of the view that our close relationship with fashion retailers can enhance our recognition in the apparel industry and helps us to establish a good reference for our new customers in the future. Our Directors considered that it is common for merchandisers or buyers in the apparel industry to switch from one apparel retailer to another. Historically our Group was able to maintain good relationship with some of the merchandisers or buyers who worked for our customers, and when these merchandisers or buyers joined another apparel retailer, they referred new businesses to us by recommending our Group to their new employers. Our Directors believe this was largely due to our ability to meet the requisite standards and requirements of our customers. We believe our business model is sustainable and the level of reliance over our major customers is likely to decrease in the future.

General terms of our sales transaction

Once we are appointed as our customers' supplier, we are usually required to sign the supplier manuals provided by our customers, with the detailed terms such as the quantities of products and price to be set out in individual purchase orders when our customers place orders for specific products. For some of our customers, we entered into framework agreements, which do not specify terms such as minimum quantities and price of products, and actual purchases will be set out in the purchase orders. Our customers directly place orders with us by way of purchase order and we will confirm such purchase by issuing a sales confirmation in return. Below are the typical terms of our terms of sale:

Matters	Major terms and conditions
Description of product	the details of the apparel products ordered by the customers, such as the type of apparel products, the style, colour and size
Details of order	the quantity for each size or colour, the unit cost and the total cost
Terms of payment	the credit terms offered to the customers (generally 60 days and up to 90 days for our largest customer) and the purchase currency
Delivery details	delivery method (mainly by sea) and shipping term

During the Track Record Period, most of our revenue was generated from apparel products shipped to the UK. Please refer to the section headed "Regulatory Overview — Laws and regulations of England and Wales" in this prospectus for details on the laws and regulations of England and Wales which are applicable to our business.

Customer finance program

During the Track Record Period and up to the Latest Practicable Date, as invited by one of our largest customers, our Group joined a finance program operated by a multinational banking and financial services company headquartered in London, which is an Independent Third Party (the "**Bank**").

Under the finance program, our customer may process payments to us through the Bank, and the Bank will process our payment request by paying to us the invoice value less the applicable finance costs. As at the Latest Practicable Date, the applicable finance costs rate under the finance programme was LIBOR + 2.5%. At the maturity date of the confirmed invoices, the Bank will debit our customer the amount under the invoices. By participating in this finance program, we gain the flexibility to obtain early payment of outstanding receivables. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, we have recognised finance costs from such finance programme of approximately HK$176,000, HK$152,000 and HK$84,000, respectively.

Seasonality

During the Track Record Period, we experienced a higher level of sales in January and February of each calendar year. For the years ended 30 April 2015 and 30 April 2016, our revenue in these two months amounted to approximately HK$32.5 million and HK$41.8 million, respectively, which accounted for approximately 23.2% and 26.3%, respectively, of our total revenue. The higher level of sales in these two months is mainly attributable to the Chinese New Year holiday during which our Approved Suppliers generally suspend production for three to four weeks. Therefore we normally request our Approved Suppliers to deliver and ship the finished products to our customers before the Chinese New Year holiday.

Consulting services

During the Track Record Period, we recorded a small amount of other income from the consulting service we provided to apparel and footwear manufacturers in the PRC or their representatives, which amounted to nil, approximately HK$1.9 million and approximately HK$0.8 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. We assisted them to (i) comply with the corporate social responsibility standards required by the audit inspection of Sedex; and (ii) providing fashion trend forecast analysis and design specification and introducing potential customers to them. We also assist them in conducting renewal audit inspection upon request.

PRICING STRATEGY

We adopt a cost-plus pricing strategy. The apparel products are priced separately for each order based on (i) the complexity and number of steps involved in the production process; (ii) the volume of orders and timing of delivery; (iii) the estimated cost of the apparel product (including the estimated design and development costs which we would incur and the fees and expenses quoted by our Approved Suppliers for manufacturing the apparel product); and (iv) the estimated mark-up margins we charge. During the Track Record Period, we offered certain customers trade discount of typically 4% to 5% to the quoted sum.

Based on the finalised product design and specification requirements, we would seek quotation from our Approved Suppliers and request them to produce product samples for our customers. When our customer is satisfied with the product samples, we will confirm with our customers the final price of the purchase order and no price adjustments are usually allowed thereafter. As the price of production is fixed at the time when we offer our pricing to our customers, any fluctuation or changes to raw material costs is borne by our Approved Suppliers.

We believe our pricing strategy is an effective means to prevent cost-overrun as we charge our customers based on a mark-up of the production cost of the apparel products agreed between us and the selected Approved Supplier.

PRODUCT RETURN POLICY

In general, we assumed the risk of product liability for apparel products which we procure for such customers. When we receive a defective product complaint from our customers, we would usually conduct an investigation to ascertain the cause of the defect and will seek compensation from our Approved Suppliers if they are at fault. As we are a design and sourcing service provider and products are manufactured by our Approved Suppliers, we will seek to pass on our product liability risks to our Approved Suppliers. During the Track Record Period and up to the Latest Practicable Date, there have been no material claims against us in relation to defective products and there has not been any material product returns from customers.

OUR APPROVED SUPPLIERS

We have adopted and implemented written guidelines and policies governing our procedures in selecting a new supplier for manufacturing of apparel products and monitoring the on-going performance of our Approved Suppliers. When evaluating and selecting a new supplier for manufacturing of apparel products as our Approved Supplier, we take into account various factors, such as its experience in the apparel industry, reputation, technical capabilities, financial strength, staff resources, efficiency, quality control effectiveness, ethical practices and record of compliance with quality standards for apparel products and also conduct an on-site inspection. We would allocate our customers' orders to our Approved Suppliers based on their product range and their respective strength.

Our major suppliers

We provide designing and sourcing services for apparel products, including those that are complex in design with usage of a variety of materials, such as evening dresses and party dress wear. For example, some of our evening dress collections entail different layers of fabrics and trims and embellishment.

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, we purchased from three, 11 and 15 Approved Suppliers, respectively. We had business relationships with our top five suppliers from 16 to 62 months. Below are our top five suppliers during the Track Record Period:

For the year ended 30 April 2015

Supplier	**Length of relationship as at the Latest Practicable Date** *(approximately in months)*	**Purchase for the year** *(HK$'000)*	**% of Purchase**	**Credit terms**
KC Group *(Note 1)*	62	112,226	98.8%	Up to 60 days
Supplier A	29	1,281	1.1%	Up to 90 days
Supplier B	26	70	0.1%	30 days
Total		113,577	100.0%	

For the year ended 30 April 2016

Supplier	**Length of relationship as at the Latest Practicable Date** *(approximately in months)*	**Purchase for the year** *(HK$'000)*	**% of Purchase**	**Credit terms**
KC Group *(Note 1)*	62	59,836	49.2%	Up to 60 days
Supplier A	29	31,249	25.7%	Up to 60 days
Supplier C	18	14,961	12.3%	Up to 60 days
Supplier D *(Note 2)*	23	13,637	11.2%	Up to 60 days
Supplier E	17	729	0.6%	40 days
Total		120,412	99.0%	

For the four months ended 31 August 2016

Supplier	Length of relationship as at the Latest Practicable Date *(approximately in months)*	Purchase for the period *(HK$'000)*	% of Purchase	Credit terms
KC Group *(Note 1)*	62	15,801	33.5%	Up to 60 days
Supplier A	29	11,609	24.6%	Up to 60 days
Supplier D	23	11,575	24.5%	Up to 60 days
Supplier C	18	6,237	13.2%	Up to 60 days
Supplier F *(Note 3)*	16	467	1.0%	N/A
		45,689	96.8%	

Notes:

1. During the Track Record Period and up to the Latest Practicable Date, KC Group has been our largest Approved Supplier. From 2001 to 2011, during which Mr. Charles Choi served as a general manager in JC FCL, a company currently owned by Mr. Joseph Choi, father of Mr. Charles Choi, Mr. Charles Choi was advised by his father to explore the area of apparel manufacturing with an intent to gain insight in the production and quality control processes at the manufacturing level. In November 2006, Mr. Charles Choi established KC HK, through which KC Shenzhen was established in October 2008. In September 2009, in pursuit of his interest in apparel designing and sourcing and his ambition to set up his own company, Mr. Charles Choi transferred his entire shareholding in KC HK to Ms. Kate Tang, subsequently his wife, in order to focus on the preparation for the setting up of our Group. Since then, Mr. Charles Choi was not involved in the operation and management of KC Group. During the Track Record Period up to the disposal of the entire issued share capital of KC BVI by Ms. Kate Tang in July 2015, KC Group was not involved in any litigation, regulatory action and no claim of material importance that was known to our Directors to be pending or threatened by or against KC Group, that would have a material adverse effect on the operation of KC Group.

   In July 2015, Ms. Kate Tang disposed the entire issued share capital of KC BVI, the holding company of KC HK established in September 2011, to an Independent Third Party in order to devote more time to her family. The consideration of such disposal was determined at arms-length negotiation between parties with reference to (i) valuation report by an independent professional valuer; and (ii) the financial results, namely the net profit, of KC Group prior to the disposal.

   During the Track Record Period, our trading terms with KC Group were negotiated at arms-length and we consider them to be on normal commercial terms. In October 2015, we entered into a three years framework agreement with KC Group to ensure the continuity of our supply. Details on the reasons for excluding KC Group in our Group were set out in the subsection headed "Relationship with our Controlling Shareholders — Reasons for excluding KC Group in our Group" in this section.

2. Since March 2015, Supplier D has been one of our Approved Suppliers, which was established by Ms. Choi Mi Ling ("**Ms. Choi**"), the aunt of Mr. Charles Choi and the director of JC HK and JC BVI until November 2015 and December 2015, respectively. Supplier D was wholly owned by Ms. Choi from its establishment in 2011 until August 2015, when she transferred the entire issued share capital of Supplier D to an Independent Third Party as she can no longer operate Supplier D due to her health condition.

   During the Track Record Period, our trading terms with Supplier D were negotiated at arms-length and we consider them to be on normal commercial terms. In June 2015, we have entered into a three years framework agreement with Supplier D to ensure the continuity of our supply.

3. No credit period was offered by Supplier F during the Track Record Period.

Supplier concentration

For the year ended 30 April 2015, we sourced all our purchases from three Approved Suppliers. For the year ended 30 April 2016, we have expanded our supplier base to 13 Approved Suppliers, from which we had purchased from 11 of them in the same year. For the four months ended 31 August 2016, we have further expanded our supplier base to 15 Approved Suppliers, of which we had purchased from all of them during the same period. For the year ended 30 April 2016 and the four months ended 31 August 2016, the purchases from our top five suppliers accounted for approximately 99.0% and 96.8% of our total purchases, respectively. For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, approximately 98.8%, 49.2% and 33.5% of our Group's total purchases were attributable to our largest supplier, KC Group, respectively. Our Directors consider that our Group's business model is sustainable despite the concentration on KC Group as our supplier during the Track Record Period due to the following factors:

1. *Our Group has been able to diversify our total purchase to a group of new Approved Suppliers to reduce our level of reliance on KC Group*

   Subsequent to the disposal of the entire issued share capital of KC BVI by Ms. Kate Tang to an Independent Third Party (the "**KC Group Disposal**"), we have been actively seeking new Approved Suppliers and have successfully reduced our reliance on KC Group, as shown by the significant decrease in the percentage of our purchase from KC Group to our total purchase from 98.8% for the year ended 30 April 2015, 49.2% for the year ended 30 April 2016 to 33.5% for the four months ended 31 August 2016. We have not experienced any adverse financial or operational impact as a result of our reduced reliance on KC Group as shown in our financial performance for the year ended 30 April 2016 and the four months ended 31 August 2016. In addition, we are able to expand our product category to more than what was available for our customers before the KC Group Disposal.

   During the Track Record Period, our trading terms with KC Group were negotiated at arms-length basis and we consider them to be on normal commercial terms. Our Group's trading terms with KC Group have been and will continue to be negotiated and entered into on normal commercial terms since the KC Group Disposal. There was no material change to the trading terms offered to us before or after the KC Group Disposal. During the Track Record Period, the credit terms offered by KC Group was up to 60 days, which are consistent with the credit terms we offered to other Approved Suppliers. We have entered into a three years supply agreement with KC Group on 29 October 2015 to ensure the continuity of our supply on the same terms.

2. *Our Group has been able to engage a number of new Approved Suppliers to expand our supplier base*

   As at 30 April 2015, 30 April 2016 and 31 August 2016, we had three, 13 and 15 Approved Suppliers on our list of Approved Suppliers, respectively. The increase in the number of new Approved Suppliers demonstrates our efforts in engaging new suppliers to reduce our reliance to the KC Group. While we had 18 Approved Suppliers as at the Latest Practicable Date, we are seeking to add more suppliers to our list of Approved Suppliers to expand our supplier base. We do not consider that it will be materially disruptive to our business if any of our Approved Suppliers were unable to take orders from us, as we can allocate our orders to different Approved Suppliers.

3. *Our Group continues to expand our supplier base after the Listing*

After the Listing, approximately 11.7% of our net proceeds or approximately HK$4.7 million will be used for the purpose of expanding the geographical base of our third-party suppliers. We plan to establish a sourcing office in the PRC and recruit additional staff to explore the possibility of engaging more suppliers in different areas in the PRC which provide products of similar quality at lower costs. Please refer to “Business — Our business strategies — Expand the geographical base of the third-party suppliers and diversify our supplier base” in this prospectus for further details.

General terms of contract with major Approved Suppliers

Matters	**Major terms**
Term	Generally three years
Appointment	The Approved Supplier is appointed by us to be the supplier of apparel products
Manufacturing arrangements	The Approved Supplier is responsible for coordinating the purchase orders, sourcing of major raw materials (including product packaging materials) and manufacturing of apparel. We have the right to determine and direct the Approved Supplier to source major raw materials from the designated raw material providers for the purpose of production. Upon production, the Approved Supplier shall perform inspection and testing to ensure quality of the finished apparel products in accordance with the quality standards required by us. The Approved Supplier shall also allow our customers to perform on-site inspections.
Export logistics services	The export logistics services include packaging and delivery of the products to the designated loading port and handling all customs clearance matters.
Fees	The fees charged by the Approved Supplier shall be determined based on the complexity of the production process and costs of the raw materials.
Payment	The Approved Supplier shall issue monthly invoice to us summarising the total fees for the relevant calendar month. We shall then pay the expenses incurred directly to the Approved Supplier by cash, telegraphic transfer or cheque.

Copyrights	All copyrights of the apparel products ordered by us from the Approved Supplier shall belong to us and our customers.
Non-competition clause	The Approved Supplier shall not approach our customers and shall not receive purchase orders directly from our customers.
Indemnification	The Approved Supplier shall indemnify in full any loss incurred by us due to the non-fulfilment of manufacturing and logistics responsibilities by the Approved Supplier. Such losses include all the costs and expenses (including legal fees) resulting from the non-fulfilment of responsibilities.
Renewal and termination	Renewal of the agreement requires both parties' consent. The party seeking early termination of the agreement shall give six-months' written notice to the other party.

Our Directors confirm that, during the Track Record Period, we did not experience any material delays when liaising with, or any disputes with, our Approved Suppliers in relation to the sourcing and delivery of finished apparel products, or any material adverse consequences from any defective apparel products produced by our Approved Suppliers.

Save as disclosed above, all our Approved Suppliers are Independent Third Parties and none of our Directors or their close associates or any Shareholder who owns 5.0% or more of the issued share capital of our Company had any interest in any of the above five largest suppliers during the Track Record Period.

SOURCING OF RAW MATERIALS

We typically rely on our Approved Suppliers to source the raw materials required from producing product sample to bulk production of final apparel product. As such, we do not enter into long-term raw materials supply agreements with the raw material providers. We have adopted this model as we believe our Approved Suppliers may have better sourcing capabilities and/or may be able to obtain better pricing for materials due to their economies of scale and the relationship with their own raw material providers.

We typically request our Approved Suppliers to liaise with the raw material providers directly regarding what materials they need and where to deliver the materials for bulk production. Although we are generally not required to source raw materials directly, we will share with our Approved Suppliers any source of raw material providers that we believe are able to supply the required materials.

The cost of any raw materials sourced by our Approved Suppliers is inclusive in the quotations provided by our Approved Suppliers. Any fluctuation in the price of raw materials is typically borne by our Approved Suppliers as their quotations are inclusive of raw material and labour costs.

As part of our quality control process, our quality assurance team, who have extensive experience in sourcing raw materials, will also evaluate the quality of raw materials sourced by our Approved Suppliers to be used in the manufacturing process. Details of our quality control procedures for the selection of raw material procured for our apparel is set out in the below sub-section headed "Quality assurance — Quality assurance on raw material" in this section.

Our Directors confirm that, during the Track Record Period, we did not experience any material delays or shortages in the supply of raw materials from the raw material providers, and we did not have any material disputes with the raw material providers in relation to the supply of raw materials that had any material adverse effect on our financial results or business operations. Further, to the best knowledge of our Directors, none of the Approved Suppliers that we engaged, had any problems in sourcing raw materials for the production of our apparels.

QUALITY ASSURANCE

We maintain a comprehensive quality assurance programme for the apparel products to be procured for our customers, from the pre-production stage to finished goods manufactured by Approved Suppliers. We aim to maintain and enhance our quality assurance procedures with the view to ensuring the quality of the apparel products produced by our Approved Suppliers will meet the requirements of our customers.

As at the Latest Practicable Date, Ms. Wong Shui Heung, our quality assurance manager who has over 20 years of experience in the apparel industry, including the field of quality assurance, is in charge of the quality assurance aspects of our operations.

Quality assurance on our suppliers

We have produced written internal guidelines and policies for our quality assurance team to evaluate new supplier and monitor the on-going performance of our Approved Suppliers as set out below:

(A) Evaluation of new supplier

- our quality assurance team would assess each manufacturer's business scale, technical capability, industry knowledge, quality control effectiveness, commercial reputation, financial strength and track record through site visits, interviews with management, publications and word-of-mouth;

- our quality assurance team would conduct on-site inspection to ensure the manufacturer uphold the standards under our internal guidelines and policies or those that are demanded by our customers;

(B) On-going monitoring on our Approved Suppliers

- we review annual social compliance reports prepared by external inspectors (such as SGS) concerning the social responsibility compliance of our Approved Suppliers for the manufacturing of apparel products such as the use of child labour, health and safety standards, hours of work, compensation, benefits and wages;

- we will then take follow-up actions if the results of an inspection show that a supplier is non-compliant. This is to enforce the supplier's compliance with the relevant standards and requirements schedule. We will also conduct a follow-up inspection to check and ensure that all rectification measures have been implemented;

- if during the follow-up inspection, it is found that not all rectification measures have been implemented, our quality assurance team will continue to provide advice to the supplier to assist it to implement all relevant rectification measures; and

- in addition, our quality assurance team will conduct site visits and interviews with management on a regular basis with the view to ensuring our Approved Suppliers' on-going compliance with our quality standards. If persistent material non-compliance is found, we will cease to use such supplier in the future. At the request of our customers, we would arrange site visits of our Approved Suppliers for them.

In addition, our Directors confirm that we did not experience any material delays when liaising with, or any disputes with, the Approved Suppliers in relation to the delivery of finished goods, or any material adverse consequences from any defective apparel products produced by the Approved Suppliers during the Track Record Period.

Quality assurance on raw material

We have developed detailed written guidelines for our quality control, which include the parameters of different tests and requirements for different fabrics procured, for our quality assurance team as set out below:

(A) New fabrics

- whenever we procure any new fabrics to be used on our apparel products, our sales and sourcing team would firstly send our fabric requirements to our Approved Suppliers. In some circumstances, we may require our Approved Suppliers to purchase fabric from a designated raw material supplier, and we would refer our Approved Supplier to that raw material supplier. When a suitable fabric is identified by the Approved Supplier or fabric supplier, we would receive a sample of the new fabric from them, which allowed us to examine whether our specific requirement (e.g. yarn details, torque and tear strength and other physical properties) are met;

- in addition, we will engage an external inspector to inspect and perform laboratory test on the sample yardage in respect of its pH value, fibre strength and dimensional stability to washing and other extensive qualifications in accordance to the local and international standards, and produce us an inspection report detailing the results of such inspection which would be provided to our quality assurance team for review and record;

(B) For all fabrics

- our quality assurance team perform inspection on the fabric by touch, visual inspection, weight, fabric structure or pattern, fabric construction, yarn size and end use viability. They will also check for any defects under the Four-Point System. The Four-Point System refers to a procedure to establish a numerical designation for the grading of fabrics based on a visual inspection of the fabrics. Our internal guidelines on fabric quality control sets out clearly the required points for acceptance for shipment, the penalty points for different defects, the sampling quantity and the point- count formula. We accept the fabric rolls only if the inspected rolls reach the acceptable limit of points under the Four Point System; and

(C) Other raw materials

- further, our quality assurance team will carry out and review additional quality assurance on the threads, interlining and buttons to be used along with the fabric in the manufacturing of apparel products. Tests will be carried out on the basis of strength, colour change, durability and effects on the threads of washing. For the interlining, we carry out our own tests including a fusing test, to ensure that the bond strength of the interlining is strong enough even in bulk orders. For buttons, we carry out a pulling gauge test to ensure that the button is safely attached to the apparel product.

The raw materials aforementioned may be used by our Approved Suppliers after passing our rigorous quality assurance tests.

Quality assurance on apparel production

We hold a pre-production meeting to ensure that all relevant parties are aware of the focus on quality assurance. We carry out inspections on the product sample and finished apparel products at various stages of the production process using different inspection methods as set out below:

(A) Testing of product sample

- during our testing of the product samples, our quality assurance team firstly inspect the apparel products by touch and sight. Tests on washing or ironing the product sample will then be carried out to ensure the sample product would uphold the standards demanded by us and our customers;

(B) Testing of first batch of finished apparel products

- during the mass production of the apparel product, our quality assurance team work closely with the Approved Suppliers by way of site visits, sample checking at various stages of the manufacturing process to monitor various stages of the manufacturing process. At the request of our customers, we would arrange site visits for our customers to inspect the production process;

- our quality assurance team will arrange for the first batch of finished products to be tested by external inspector (such as BV) or independent laboratories specified by our customers. For example, tests will be performed to ensure all the buttons are tightly sewed and will not be swallowed by children under normal circumstances. Our quality assurance team will review and sign-off the test report prepared by the external inspector;

- if the apparel products fail to pass the quality control tests at this stage, we will normally communicate with the customer to consider the reasons for failure. The failure may be a quality issue, such as low colour fastness or poor hem finish and the customer may ask for improvements before accepting the products; and

- if we are satisfied that the finished apparel products meets our quality standards at this stage, we will instruct our Approved Suppliers to continue manufacturing the rest of the customers' order and our shipping team will prepare a packing list to be sent to our customers.

(C) Final test of finished apparel products before delivery to customers

Our quality control of finished apparel products is based on the AQL 2.5 standard and we carry out inspections of the samples of apparel products based on the British Standard 6001. The AQL standard refers to the maximum number of defects that could be considered acceptable during the random sampling of an inspection. For the purpose of carrying out inspections of apparel products based on the AQL standard, a sample of apparel products is taken depending on how many items there are in total. Using this sample size, we ascertain how many items have defects and match this against the AQL tables which show the acceptable level of defects. This quality control system allows for a relatively small number of minor defects in a given number of apparel products from an Approved Supplier and is based on our acceptance that our Approved Suppliers are unlikely to be able to produce apparel products that have zero defects.

We actively provide advice to our Approved Suppliers on production details and product quality so that the finished apparel products are of good and consistent quality. During the Track Record Period, the expenses in relation to the testing as set out in (A), (B) and (C) above were generally borne by us. Such amount totalled HK$1.2 million, HK$1.3 million and HK$0.6 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

SOCIAL RESPONSIBILITY COMPLIANCE REQUIREMENTS

We are generally required by our major customers to demonstrate a commitment to social responsibility and to comply with their ethical and social responsibility requirements. Such requirements generally include provisions against the use of child labour, health and safety standards, hours of work, compensation, benefits and wages. As it is the corporate policy of our major customers to conduct their business with suppliers in compliance with such standards, our customers may cease to do business with us if we fail to comply with such requirements. For those Approval Suppliers that manufacture apparel products for our major customers, we review the annual social compliance reports of our Approved Suppliers prepared by external inspectors.

Please refer to the sub-section headed "Quality assurance — Quality assurance on our suppliers — (B) On-going monitoring on our Approved Suppliers" in this prospectus.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints, claims or legal actions from our customers in relation to the compliance with their social responsibility requirements by our Group and our Approved Suppliers. To ensure ongoing compliance with these social responsibility requirements, we will assist our Approved Suppliers to understand and comply with our customers' ethical and social compliance standards.

MARKETING AND PROMOTION

During the Track Record Period, we did not invest in advertising or actively engage in any type of marketing activity, for attracting new customers. Instead, we focus on maintaining the relationship with our existing customers mainly by visiting them at their offices and meeting with them in our showrooms and procure them to provide us with new businesses. We secured orders from new customers mainly through the referral from people whom we have previously worked with. We believe that this approach has served us well through the years. We have built up a network of customers, a number of which have a long-term relationship with us as mentioned in the sub-section headed "Our customers" in this section.

We plan to increase our customer base by expanding our showrooms in Hong Kong and the UK and attending national and international conferences, fashion shows and trade fairs.

INFORMATION TECHNOLOGY SYSTEM

We have an ERP system through which we monitor and maintain our apparel designing and sourcing services, from the initial stages of brainstorming with our customers' product design ideas, to (i) producing product samples for our customers' consideration; (ii) approval of such product samples by our customers; (iii) the placing of orders by our customers; and (iv) the delivery of apparel products to our customers' respective designated warehouses or designated shipping points. Through such monitoring and control of our apparel designing and sourcing services, we are able to deliver our services in an efficient manner.

Our ERP system is used throughout our apparel designing and sourcing process. Various stages of the process is recorded on our ERP system so that we have access to information relating to our business operations readily. This allows us to access information on each customer's orders, the status of incompleted orders, unpaid invoices and whether each stage of the apparel supply chain has been completed. Our ERP system also allows us to compare information, such as the lead times for different orders.

Throughout the entire apparel designing and sourcing process up to the delivery of finished apparel products, our ERP system has a number of checkpoints where authority must be granted by our senior staff before an order can progress to the next stage. These checkpoints enable us to have control over the apparel designing and sourcing process and our financial data. Such stages include the approval of purchase orders and shipment dates. The completion of each stage must be entered onto our ERP system before an invoice can be issued to the relevant customer. We believe that this helps us to ensure that each stage is completed and that such completion is recorded.

LOGISTICS

As part of our designing and sourcing services, we ensure that appropriate logistics for the delivery of the finished apparel products to the port specified by our customers are made by our Approved Suppliers. The purchase orders that we enter into with our customers specify that the items sold are to be delivered to them mainly on a FOB basis. We also have corresponding trade terms in the purchase orders with our Approved Suppliers that all goods ordered are also to be delivered on FOB basis. By having this arrangement with a majority of our customers, we believe we can minimise the risk for any damage caused during the transportation to our customers' designated ports of shipment. Our liability under FOB terms means that we are only required to arrange for shipment and loading of the apparel products and legal title to the apparel products will be transferred when our products cross the ship's sail. At such point, any damages or loss to our apparel products is at the risk of our customers. As our responsibility under the logistics arrangement ends once the apparel goods are delivered to appropriate port of shipment, we are not considered as importers at the port of discharge.

CASH AND WORKING CAPITAL MANAGEMENT

We have adopted and will continue to adopt the following measures in order to improve our working capital and liquidity position:

(A) Management of credit period offered to customers

It is our policy to generally offer a credit period of up to 60 days in order to match with the credit periods offered by our Approved Suppliers (generally 60 days and up to 90 days). However we offered our largest customer a credit period of 90 days during the Track Record Period as we would like to facilitate them to place more orders with us. However, if new customers request for credit periods which are longer than that allowed under our policy, it is our policy to consider, among others, (i) the liquidity of our Group, (ii) the creditworthiness of those new customers, (iii) the size of the orders, and (iv) available credit terms offered by our Approved Suppliers, to determine the feasibility and impact of longer credit period so that our liquidity can be maintained.

(B) Management of trade and bills receivable

As at 31 December 2016, approximately 95.8% of our trade and bills receivables balances as at 31 August 2016 have been settled. Our finance department is responsible for examining the trade and bills receivables regularly and following up with the customers when their outstanding balance becomes overdue. Our finance department monitors closely on the status of those customers with long aged overdue trade and bills receivables.

INVENTORY CONTROL

We generally do not maintain any inventory as all products are ordered based on customers' confirmed sales contracts and directly delivered from our Approved Suppliers to our customers. During the Track Record Period, our inventories represented the goods in transit for our customers as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively.

- the risk management committee of our Board will periodically review our internal control policies and procedures with respect to sanctions law matters. As and when the risk management committee considers necessary, we will retain external international legal counsel with necessary expertise and experience in sanctions law matters for recommendations and advice; and

- if necessary, external international legal counsel will provide training programs relating to the sanctions laws to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations. Our external international legal counsel will provide current list of Sanctioned Countries and Sanctioned Persons and entities to us.

LABOUR SAFETY

We do not own or operate any manufacturing facilities and therefore we are not subject to any manufacturing related safety issues. As required under the laws of Hong Kong and England and Wales, we are required to obtain employment compensation insurance for our employees. During the Track Record Period, we have not made any material claims under our employment compensation insurance.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we did not have any trademark. In addition, as at the Latest Practicable Date, our Group is the registrant of the domain name "**www.jcfash.com**".

For further details of our intellectual property rights, please refer to the section headed "Statutory and General Information — F. Further information about our business — 2. Our intellectual property rights" in Appendix IV to this prospectus.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by any third party; or (ii) by any third party of any intellectual property rights owned by our Group and we were not aware of any pending or threatened claims against any member of our Group relating to the infringement of any intellectual property rights owned by third parties.

PROPERTY

Owned premises

As at the Latest Practicable Date, we did not own any property except for a car parking space at No. 1 on 1st Floor Royal Terrace, No. 933 King's Road, Hong Kong. Such car parking space does not form part of our Group's property activities and does not have a carrying amount of 15% or more of our Group's total assets. We are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased premises

As at the Latest Practicable Date, we had leased the following properties from Independent Third Parties.

Address	Usage	Area *(approximate sq.ft.)*	Lease term
Unit 2, 3rd Floor, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong	Used as office and showroom	2,400	The lease is for a period from 7 July 2015 to 20 September 2017 at a monthly rent of HK$36,135.0
Unit no. G12 Shepherds Building Rockey Road London W14	Used as office and showroom	656	The lease is for a period from 6 June 2016 to 5 June 2019 at an annual rent of £29,520.0

Our Directors confirmed that our current leases were negotiated on an arm's length basis with reference to the prevailing market rates.

ENVIRONMENTAL COMPLIANCE

Since we do not own or operate any manufacturing facilities, our operations in Hong Kong and England and Wales are not subject to any specific environmental regulations.

INSURANCE

Other than the mandatory insurance policies, such as employment compensation insurance, we have not obtained any other insurance policies. During the Track Record Period and up to the Latest Practicable Date, we have not made any material claims under any of our insurance policies.

We believe that our insurance coverage is adequate for our operations and in line with industry practice. As at the Latest Practicable Date, we had not made, nor been the subject of, any material insurance claim.

LICENCES AND PERMITS

Our Directors confirm that our Group has obtained all material requisite licences, approvals and permits from the relevant governmental authorities for our business operations in Hong Kong and the UK during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

During the Track Record Period, the total number of employees were 19, 17 and 17 for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. As at the Latest Practicable Date, all of our staff are based in Hong Kong or the UK. The breakdown of our employees by function as at the Latest Practicable Date and the expected number of employees following our expansion plan after the Listing are set out below:

	As at the Latest Practicable Date	**After implementation of our future plan after Listing**
Management *(Note 1)*	2	2
Design and development	5	7
Sales and sourcing	7	13
Quality assurance	1	5
Finance, administration and shipping	4	4
Total	19	31

Note:

1. Mr. Benny Choi, our executive Director and head of design and development team, is deemed to be part of our management team in this breakdown.

We recruit employees whom we believe have the necessary skills and experience to help our business. During the Track Record Period, we have recruited our employees from the open market, and through referrals from existing employees. During the Track Record Period, we have not paid any fees to recruitment agencies for recruitment/employment services. We provide our staff with on-the-job training. Our employee remuneration package includes salary and commission or bonus. We enter into standard employment contracts with our employees which contain terms on protection of intellectual property rights and confidentiality. None of our employees belong to any labour unions.

Our Directors confirmed that during the Track Record Period, we did not have any material disputes with our employees, we did not experience any difficulty in recruiting suitable staff for our operations, and we did not experience any strikes, labour disputes which may have a material adverse effect on our business, financial condition and results of operations.

Our staff costs include all salaries and benefits payable to all employees and staff, including our executive Directors, and represented approximately 3.8%, 3.0% and 2.2% of our revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

Mandatory provident fund

As required by Hong Kong laws, we have enrolled all of our staff in the Mandatory Provident Fund. Our Directors confirmed that we have complied with applicable labour and social welfare laws and regulations in Hong Kong in all material respects, and have made relevant contributions in accordance with such laws and regulations during the Track Record Period.

NON-COMPLIANCE

Our Directors confirm that, as at the Latest Practicable Date, our Group did not receive any notices for any fines or penalties for any non-compliance that is material and systemic, and our Group has complied with all applicable laws and regulations in all material respects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, our Group was not involved in any litigation, arbitration, regulatory action, or claim of material importance, and no litigation, arbitration, regulatory action, or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on the operating results or financial condition.

RISK MANAGEMENT AND INTERNAL CONTROL

Independent internal control adviser

Our Group has engaged Baker Tilly, an independent internal control adviser, to perform a detailed evaluation of our Group's internal control system including the areas of financial, operation, compliance and risk management with an aim to, among other matters, improve our Group's corporate governance and ensure compliance with the applicable laws and regulations. Baker Tilly is part of Baker Tilly Hong Kong which is an affiliate of Baker Tilly International. Baker Tilly is a company providing, among others, internal control review services, which has been previously engaged in internal control review projects for a number of companies listed on the Stock Exchange and companies preparing for listing in Hong Kong. The engagement team of Baker Tilly includes members of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, The Chartered Institute of Management Accountants, CPA Australia and the Institute of Internal Auditors.

The internal control review was carried out in December 2015 with findings identified and recommendations provided by Baker Tilly. Baker Tilly carried out a follow-up review in March 2016 and confirmed that our Group has adopted the measures recommended by Baker Tilly to rectify all the previous findings identified and Baker Tilly did not notice any significant or material deficiencies in our Group's internal control system. Having considered Baker Tilly's views on our Group's internal control system, our Directors are of the view, and the Sole Sponsor concurs, that the various internal control measures adopted by our Group are adequate and effective.

Internal control measures

In order to ensure future compliance, we have taken internal control measures to improve our corporate governance and internal controls to ensure on-going compliance with applicable laws, rules and regulations, details of which are set out below:

1. we established the audit and risk management committee comprising of our three independent non-executive Directors, namely, Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloǧlu, and chaired by Mr. Lai Kwok Hung, Alex, on 21 February 2017, to oversee all regulatory and accounts-related compliance matters and corporate governance requirements. The primary functions of our audit committee include, among others, reviewing and making recommendations to our Board in respect of our policies and practices on compliance with any requirement, direction or regulation that may be prescribed by our Board, contained in any of our constitutional documents, or imposed by the GEM Listing Rules or other applicable laws, regulations, rules or codes; and ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies; and monitoring the implementation of our plan to maintain high standards of compliance with our own risk management standards;

2. in order to further ensure our compliance with relevant statutory requirements, we will engage external professional advisers, such as authorised persons, company secretarial service providers, consultancy firms, auditors and external legal advisers to render professional advice so as to comply with statutory requirements (including the Companies Ordinance, rules and regulations of England and Wales and the GEM Listing Rules) as applicable to our Group from time to time;

3. we have appointed Anglo Chinese Corporate Finance, Limited on 18 July 2016 as our compliance adviser upon the Listing to advise our Company on compliance matters in accordance with Rule 6A.19 of the GEM Listing Rules;

4. we have also appointed Ms. Tsang Oi Yin, our company secretary, who satisfies the requirements under Rule 5.14 of the GEM Listing Rules, to advise our Company on the relevant requirements of the GEM Listing Rules, as well as other applicable laws and regulations of Hong Kong;

5. our Directors have attended training sessions on 8 August 2016 conducted by our Hong Kong legal advisers on, among other things, ongoing obligations, general corporate governance requirements, the duties and responsibilities of directors of a company whose shares are listed on the Stock Exchange under applicable laws, rules and regulations, including but not limited to the GEM Listing Rules and Companies Ordinance. Our Directors have provided confirmation in writing in relation to their understanding of their duties under the GEM Listing Rules and other applicable laws and regulations;

6. we will provide our Directors, senior management and employees involved with training, development programmes and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time on a regular basis;

7. we will, from time to time, engage external legal advisers and seek legal advice on our legal matters relating to our Group; and

8. we have adopted the written procedures based on the requirements of Companies Ordinance, the GEM Listing Rules and relevant rules and regulations, covering areas such as board committees, board meetings, director qualification standards, handling of price sensitive information, connected transactions and independence of directors.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer, each of Mr. Charles Choi and JC International will control more than 30% of our Company's issued share capital. JC International was incorporated in the BVI on 5 October 2015 and is an investment holding company. As at the Latest Practicable Date, JC International was wholly-owned by Mr. Charles Choi. For details of Mr. Charles Choi, please refer to the section headed "Directors and Senior Management" in this prospectus. For details of JC International, please refer to the section headed "History and Corporate Structure — Reorganisation — Incorporation of JC International" in this prospectus.

COMPETING INTEREST

Save and except for their respective interests in our Company and its subsidiaries, none of our Controlling Shareholders, our Directors nor any of their respective associates had any interest in any other companies which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules at as the Latest Practicable Date.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Listing for the following reasons:

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises two executive Directors and three independent non-executive Directors.

Our independent non-executive Directors will be appointed in compliance with the requirements under the GEM Listing Rules to ensure that the decisions of our Board will be made only after due consideration of independent and impartial opinion. Our independent non-executive Directors are sufficiently experienced and capable of monitoring our operations independently of our Controlling Shareholders. Therefore, our Directors are of the view that the interests of the Shareholders can be safeguarded. For details of our independent non-executive Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit of and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group, and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum of the relevant board meeting.

Our Group has an independent senior management team to carry out and execute the business decisions of our Group independently. Our independent non-executive Directors are also expected to oversee our Board independently to ensure that there is no potential conflict of interest. Our Directors are satisfied that the senior management team of our Group will be able to perform their roles in our Group independently, and our Directors are of the view that our Group is capable of managing its business independently from our Controlling Shareholders and their respective associates after the Listing.

Operational independence

Our Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group has independent access to customers for our Group's business. Our Group has also established a set of internal control mechanism to facilitate the effective operations of our Group's business.

Our Group currently does not have any intention to purchase or sell any products/services from/to our Controlling Shareholders and, if such happens in future, the connected transactions/continuing connected transactions will be conducted in compliance with the GEM Listing Rules.

Financial independence

Our Group has established a financial system that operates independently. During the Track Record Period and up to the Latest Practicable Date, Mr. Charles Choi had provided personal guarantees for the banking facilities obtained by our Group. Our Directors confirm that the above personal guarantees will be released and replaced by corporate guarantees to be provided by members of our Group upon the Listing. Save as disclosed above, our Directors are of the view that our Group is financially independent from our Controlling Shareholders or their respective associates in our Group's business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

VOLUNTARY LOCK-UP UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that, it or he shall not, at any time during the (i) first six-month period commencing on the Listing Date, which is required under the GEM Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities; and (ii) second six-month period commencing on the Listing Date, which is required under the GEM Listing Rules, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has voluntarily undertaken to our Company that, it or he shall not, at any time during the second six-month period commencing on the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities. Such Voluntary Lock-Up Undertaking is irrevocable and may not be waived.

REASONS FOR EXCLUDING KC GROUP FROM OUR GROUP

Our Directors considered that KC Group can be delineated from our Group's business and should be excluded from our Group for the purpose of the Listing due to the following:

(i) the principal activity of our Group is apparel designing and sourcing services (which belongs to the middle stream of the apparel supply chain), while the principal activity of KC Group is the manufacturing of women and children apparel (which belongs to the upstream of the apparel supply chain). According to the Frost & Sullivan Report, these two different streams in the apparel supply chain have different levels of production complexity in terms of order management;

(ii) given that the businesses of our Group and KC Group are two different streams of businesses, it was never intended for KC Group to be part of JC HK or the Group. None of the entities within the KC Group were incorporated to be a subsidiary of any of the entities of our Group. Our Group was operated by Mr. Charles Choi and KC Group was operated by Ms. Kate Tang, both of whom operate their own lines of business independently. As such, it is demonstrated that the designing and sourcing business of our Group and the apparel manufacturing business of KC Group, in terms of legal structure and operation, were independent since the incorporation of KC Group in 2009;

(iii) since the start of Mr. Charles Choi's career in the apparel industry in 2001, he was never interested and had no intention to establish and/or operate an apparel manufacturing business. Mr. Charles Choi transferred his entire shareholding in the KC Group to Ms. Kate Tang as he wanted to focus on the apparel designing and sourcing business and did not want to devote resources to an area which he was not interested in. Mr. Charles Choi has not participated in the daily management of KC Group since he transferred the ownership of KC Group to Ms. Kate Tang in September 2009; and

(iv) Mr. Charles Choi never intended to acquire KC Group in 2015 when Ms. Kate Tang wanted to dispose of KC Group even though it was a profit making business because Mr. Charles Choi does not have sufficient time, resources, manpower and capability to operate the apparel manufacturing business. Mr. Charles Choi had all along wanted to continue to devote his time, effort, manpower and resources in the apparel designing and sourcing business.

Prior to the KC Group Disposal, our Group was the largest customer of KC Group and the major suppliers of KC Group were mainly fabric suppliers. As such, our Directors believe that our Group contributed significantly to the financial performance and operation of KC Group prior to the KC Group Disposal. In addition, KC Group was never part of our Group and was disposed to an Independent Third Party in July 2015.

REASONS FOR EXCLUDING JC FCL IN OUR GROUP

Our Directors considered that JC FCL can be delineated from our Group's business and should be excluded from our Group for the purpose of the Listing due to the following:

(i) JC FCL is currently owned by the father of Mr. Charles Choi and Mr. Charles Choi has not participated in the daily management of JC FCL since he resigned as a general manager of JC FCL in December 2011;

(ii) Mr. Charles Choi intended to develop his own business independent from his father; and

(iii) as disclosed under "History and corporate structure — Our History" in this prospectus, Mr. Joseph Choi has retired from the apparel industry and JC FCL is currently not engaged in any apparel designing and sourcing business.

Please refer to "History and corporate structure — Our History" in this prospectus for details of the history of JC FCL.

COMPETITION

None of our Directors, Controlling Shareholders or any of their respective associates is a director or a shareholder of any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

DEED OF NON-COMPETITION

In order to maintain a clear delineation of the businesses between our Group and our Controlling Shareholders, our Controlling Shareholders (together the "**Covenantors**") have entered into the Deed of Non-Competition in favour of our Company (for itself and as trustee for each of its subsidiaries from time to time).

Under the Deed of Non-Competition:

(a) each of the Covenantors irrevocably undertakes to our Company (for itself and as trustee for each of its subsidiaries from time to time) that he/it shall not, and shall procure that none of their respective associates (other than members of our Group) shall, during the period (the "**Restricted Period**") in which (i) the Shares remain listed on the Stock Exchange; and (ii) the Covenantors and their respective associates (other than members of our Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of our Company, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold any right or interest in or provide any financial assistance, technical support or business know-how to any other person to carry on (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete, whether directly or indirectly, with any business of any members of our Group and any other new business which our Group may undertake from time to time after the Listing within Hong Kong and such other places as our Group may conduct or carry on business from time to time (the "**Restricted Business**");

(b) each of the Covenantors further undertakes to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to the Covenantors and/or any of their respective associates (other than members of our Group) (the "**Offeror**") is first referred to our Group (the "**Right of First Refusal**") in the following manner:

(i) the Covenantors are required to, and shall procure their respective associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to our Group, and shall give written notice to our Company of any New Opportunity containing all information considered by our Directors necessary for our Directors and our Company to consider whether (1) the New Opportunity forms part of the Restricted Business, and/or (2) it is in the interest of our Group and the shareholders of our Company as a whole to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "**Offer Notice**") as soon as practicable after such opportunity arises;

(ii) the Offeror will be entitled to pursue the New Opportunity only if (1) our independent non-executive Directors have served a written notice on the Offeror and the Covenantors declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the business of our Group (the "**Decline Notice**"), or (2) our independent non-executive Directors have not served a notice within fifteen business days from our Company's receipt of the Offer Notice; and

(iii) if there is a material change in the terms and conditions of the New Opportunity (or any subsequent revised New Opportunity) offered by the Offeror, the Covenantors are required to, and shall procure their respective associate to, refer or procure the referral of such revised New Opportunity in the manner provided for in paragraph (b)(i) above, and our independent non-executive Directors shall have a further fifteen business days period to provide a response to the Offeror and the Covenantors;

(c) where the Covenantors and/or their respective associates (other than members of our Group) have acquired any business, investment or interest in any entity relating to the Restricted Business pursuant to paragraph (b)(ii) above, the relevant Covenantors and/or their respective associates (other than members of our Group) shall provide to our Company with pre-emptive right (the "**Pre-emptive Right**") to acquire any such Restricted Business on terms that are no less favourable than that offered to the Covenantors and/or their respective associates. Where our independent non-executive Directors decide to waive the Pre-emptive Right by way of written notice, the relevant Covenantors and/or their respective associates (other than members of our Group) may offer to sell such business, investment or interest in the Restricted Business to other third parties on such terms which are no more favorable than those made available to our Company; and

(d) each of the Covenantors further undertakes and agrees:

(i) not at any time to induce or attempt to induce directly or indirectly, any director, manager, design consultant or employee of our Group to terminate his or her service contract, contract of employment with our Group, whether or not such act of that person would constitute a breach of that person's service contract, contract of employment;

(ii) not at any time to solicit or persuade directly or indirectly, any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business cease to deal with our Group or reduce the amount of business which the person would normally do with our Group;

(iii) to provide all relevant information for the annual review by the independent non-executive Directors for the compliance with and the enforcement of the Deed of Non-Competition;

(iv) to allow, subject to confidentiality restrictions imposed by any third party, the representatives of our Company and of the auditors of our Company to have access to its/his financial and/or corporate records as may be necessary for the independent non-executive Directors to determine whether the Covenantors and their respective associates have complied with the terms of the Deed of Non-Competition;

(v) to make an annual declaration in a form determined by our Company on the compliance with the terms of the Deed of Non-Competition in accordance with the principle of voluntary disclosure in our Company's corporate governance report within two months after the date upon which the financial period of our Company ends, or if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in our Company's corporate governance report; and

(vi) the Covenantors, for themselves and on behalf of their respective associates (except any members of our Group), acknowledge that our Company may be required by the relevant laws, regulations, rules of the stock exchange(s) on which the Shares may be listed and the regulatory bodies to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our Company's corporate communications in relation to the New Opportunity and agree to the disclosure to the extent necessary (including, for the avoidance of doubt, our Company's advisors) to comply with any such requirement.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective associates may not compete with us as provided in the Deed of Non-Competition. Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

(1) the Articles of Association provide that, subject to certain exceptions as provided for in the GEM Listing Rules, a Director shall not vote (nor shall he be counted in the quorum) on any resolution of our Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution);

(2) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders (e.g. exercise by our Company of the First Right of Refusal granted by our Controlling Shareholders on their existing or future competing businesses);

(3) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the non-competition undertaking;

(4) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of our Controlling Shareholders in the annual reports of our Company;

(5) our Controlling Shareholders will make an annual declaration on compliance with their non-competition undertaking in the annual report of our Company;

(6) the independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/its associates to involve or participate in a Restricted Business and if so, any condition to be imposed; and

(7) the independent non-executive Directors may appoint an independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out in this paragraph, our Directors believe that the interests of the Shareholders will be protected.

DIRECTORS AND SENIOR MANAGEMENT

Our board of Directors consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The following table sets out information concerning our Directors and senior management members:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationship with other Directors and senior management
Executive Directors						
Mr. Choi King Ting, Charles (蔡敬庭)	39	Chairman, chief executive officer and executive Director	Overall management, operations, reviewing of corporate directions and strategies of our Group, and responsible for managing customer relationships and marketing	22 September 2011	14 October 2015	Younger half-brother of Mr. Choi Ching Shing
Mr. Choi Ching Shing (also known as Mr. Benny Choi) (蔡清丞)	39	Executive Director and head of design and development team	Overall management, operations, reviewing of corporate directions and strategies of our Group and responsible for determining the design and development of apparel products	17 November 2014	18 July 2016	Elder half-brother of Mr. Choi King Ting, Charles
Independent non-executive Directors						
Mr. Lai Kwok Hung, Alex (黎國鴻)	52	Independent non-executive Director	Providing independent advice to our Board and serving as chairman of our audit and risk management committee	21 February 2017	21 February 2017	N/A
Mr. Yeung Chuen Chow, Thomas (楊存洲)	41	Independent non-executive Director	Providing independent advice to our Board and serving as chairman of our remuneration committee and a member of our audit and risk management committee and nomination committee	21 February 2017	21 February 2017	N/A
Mr. Cüneyt Bülent Bilâloğlu	42	Independent non-executive Director	Providing independent advice to our Board and serving as a member of our audit and risk management committee, remuneration committee and nomination committee	21 February 2017	21 February 2017	N/A

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as senior management	Relationship with other Directors and senior management
Senior Management						
Mr. Choi King Ting, Charles (蔡敬庭)	39	Chairman, chief executive officer and executive Director	Overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationship and marketing	22 September 2011	15 August 2016	Younger half-brother of Mr. Choi Ching Shing
Mr. Choi Ching Shing (also known as Mr. Benny Choi) (蔡清丞)	39	Executive Director and head of design and development team	Overall management, operations, reviewing of corporate directions and strategies of our Group, and responsible for determining the design and development of apparel products	17 November 2014	1 April 2016	Elder half-brother of Mr. Choi King Ting, Charles
Ms. Ma Yin Ha (馬燕霞)	48	Merchandising and sourcing manager	Sourcing of suppliers and the overall production management	1 January 2012	1 February 2016	N/A

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as senior management	Relationship with other Directors and senior management
Ms. Lau Wai Ching, Maggie (劉慧清)	50	Account manager	Financial management	25 February 2013	1 February 2016	N/A
Ms. Wong Shui Heung (黃瑞香)	60	Quality assurance manager	Overall quality control process	1 January 2012	1 February 2016	N/A
Ms. Li Li Mei (李麗美)	40	Administration and human resources manager	Administration and human resources management	2 March 2015	1 February 2016	N/A
Mr. Chau Chiu Leong (周昭亮)	56	Shipping manager	Logistics management	1 January 2012	1 February 2016	N/A

Executive Directors

Mr. Choi King Ting, Charles (蔡敬庭), aged 39, is an executive Director, the chairman and chief executive officer of our Group. Mr. Charles Choi was appointed as a Director on 14 October 2015 and re-designated as an executive Director on 15 August 2016. Mr. Charles Choi was appointed as the chairman and the chief executive officer of our Group on 15 August 2016. Mr. Charles Choi is the director of JC BVI, JC HK, JC UK and JC International from 22 September 2011, 28 October 2011, 29 May 2014 and 5 October 2015, respectively. 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 FCL 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. Charles Choi has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Our Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). Except for the deviation from provision A.2.1 of the CG Code, our Company's corporate governance practices have complied with the CG Code.

Provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Charles Choi is the chairman and the chief executive officer of our Company. Since Mr. Charles Choi has been operating and managing JC HK, the main operating subsidiary of our Company since its incorporation, our Board believes that it is in the best interest of our Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from provision A.2.1 of the CG Code is appropriate in such circumstance.

Mr. Choi Ching Shing (蔡清丞), aged 39, 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 is the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design, JC HK and JC BVI from 17 November 2014, 26 November 2015 and 1 December 2015, respectively. 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.

Mr. Benny Choi has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Independent non-executive Directors

Mr. Lai Kwok Hung, Alex (黎國鴻), aged 52, was appointed as an independent non-executive Director on 21 February 2017. 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.

Save as disclosed above, Mr. Lai has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mr. Yeung Chuen Chow, Thomas (楊存洲), aged 41, was appointed as an independent non-executive Director on 21 February 2017. 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. Yeung has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mr. Cüneyt Bülent Bilâloğlu, aged 42, was appointed as our independent non-executive Director on 21 February 2017. 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 Böhmke and Partner, 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.

Mr. Bilâloğlu has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Senior management

Mr. Choi King Ting, Charles (蔡敬庭), please see the sub-section headed "Executive Directors" in this section for details.

Mr. Choi Ching Shing (蔡清丞), please see the sub-section headed "Executive Directors" in this section for details.

Ms. Ma Yin Ha (馬燕霞), aged 48, 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 FCL 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. Ma has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Ms. Lau Wai Ching, Maggie (劉慧清), aged 50, was appointed as our Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of our Group. Ms. Lau has accumulated approximately 24 years of experience in accounting. Prior to joining our 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. Lau has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Ms. Wong Shui Heung (黃瑞香), aged 60, was appointed as our Group's quality assurance manager with effect from 1 February 2016. Ms. Wong is primarily responsible for the overall quality control process. Ms. Wong has approximately 24 years of experience in the business of the apparel industry. Prior to joining our Group in January 2012, Ms. Wong worked as a sewing supervisor in Casual Center Garment Industries Limited from August 1983 to September 2001 and a quality controller in Sunprofit Industrial Limited from November 2001 to November 2003. Ms. Wong later joined JC FCL in March 2004 and served as a quality assurance supervisor from April 2011 to December 2011.

Ms. Wong completed her form 5 secondary school education at Kau Yan English Evening School in August 1976.

Ms. Wong has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Li Li Mei (李麗美), aged 40, was appointed as our 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 our Group. Ms. Li has more than 16 years of experience in the bookkeeping and administrative field. Prior to joining our 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.

Ms. Li has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mr. Chau Chiu Leong (周昭亮), aged 56, was appointed as our 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 our 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. Chau has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Save as disclosed here, there is no information which needs to be disclosed under Rule 17.50(2) of the GEM Listing Rules.

Company secretary

Ms. Tsang Oi Yin (曾藹賢), aged 46, was appointed as our company secretary on 15 August 2016. Ms. Tsang had acted as the company secretary of each of Hsin Chong Group Holdings Limited (formerly known as Hsin Chong Construction Group Ltd.) (stock code: 404) from April 2009 to July 2013 and Synergis Holdings Limited (stock code: 2340) from January 2009 to July 2013, both of which are listed on the Main Board of the Stock Exchange. Ms. Tsang served as a manager of the corporate secretarial department of Boardroom Corporate Services (HK) Limited from December 2015 to July 2016. Ms. Tsang obtained a bachelor's degree in international business from the University of South Australia in Australia in August 2006. Ms. Tsang has been an associate of the Hong Kong Institute of Chartered Secretaries (formerly known as the Hong Kong Institute of Company Secretaries) since August 1998 and is also an associate of The Institute of Chartered Secretaries and Administrators.

COMPLIANCE OFFICER

Mr. Choi King Ting, Charles (蔡敬庭) is the compliance officer of our Company. Please refer to the sub-section headed "Executive Directors" in this section for the profile of Mr. Charles Choi.

BOARD COMMITTEES

Audit and risk management committee

We have established an audit and risk management committee pursuant to a Board resolution passed on 21 February 2017 in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The primary functions of the audit and risk management committee include, among other things, reviewing and supervising our financial reporting process as well as our internal control system and performing other duties and responsibilities as assigned by our Board.

The audit and risk management committee currently comprises three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu and is chaired by Mr. Lai Kwok Hung, Alex.

Remuneration committee

We have established a remuneration committee pursuant to a Board resolution passed on 21 February 2017 in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The primary functions of the remuneration committee include, among other things, making recommendations to our Board on our Company's policy for human resource management as well as establishing and reviewing policies and structures in relation to remuneration for our directors and senior management.

The remuneration committee currently comprises one executive Director and two independent non-executive Directors, namely Mr. Charles Choi, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu and is chaired by Mr. Yeung Chuen Chow, Thomas.

Nomination committee

We have established a nomination committee pursuant to a Board resolution passed on 21 February 2017 in compliance with the CG Code. The primary functions of the nomination committee include, among other things, advising our Board on the appointment, removal and/or re-appointment of Directors.

The nomination committee currently comprises one executive Director and two independent non-executive Directors, namely Mr. Charles Choi, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu and is chaired by Mr. Charles Choi.

COMPLIANCE ADVISOR

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance advisor pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance advisor is engaged to provide advice to us under the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) if a transaction which might be a notifiable or connected transaction under Chapter 19 or 20 of the GEM Listing Rules is contemplated, including share issues and share repurchases;

(c) if we propose to use the net proceeds of the Share Offer in a manner different from that provided in this prospectus or when our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) if the Stock Exchange makes an inquiry of us under Rule 17.11 of the GEM Listing Rules.

The term of appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to our Directors for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 were approximately HK$1.0 million, HK$0.4 million and HK$0.2 million, respectively.

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to our senior management for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 were approximately HK$2.0 million, HK$1.6 million and HK$0.6 million, respectively.

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to our Company's five highest paid individuals for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 were approximately HK$2.4 million, HK$1.8 million and HK$0.6 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 by any member of our Group to any of our Directors. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 30 April 2017 to be approximately HK$0.7 million.

For additional information on Directors' remunerations during the Track Record Period as well as information on the highest paid individuals, please refer to notes 13 and 14 in the Accountants' Report as set out in Appendix I to this prospectus.

RETIREMENT BENEFIT SCHEME

We participate in the mandatory provident fund for our employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). We have paid the relevant contributions in accordance with the Mandatory Provident Fund Schemes Ordinance.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the Share Offer and the Capitalisation Issue have interests or short positions in the Shares or underlying Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% 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 our Group:

		Shares held as of the date of the application proof		Shares held immediately following the completion of the Share Offer and the Capitalisation Issue	
Name	**Nature of interest and capacity**	**Number of Shares held/interested**	**Approximate percentage of shareholding**	**Number of Shares held/interested**	**Approximate percentage of shareholding**
JC International *(Note 2)*	Beneficial owner	100(L) *(Note 1)*	100%	24,000,000 (L) *(Note 1)*	75%
Mr. Charles Choi *(Note 2)*	Interest in a controlled corporation	100(L) *(Note 1)*	100%	24,000,000 (L) *(Note 1)*	75%

Notes:

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

2. Mr. Charles Choi directly owns 100% of JC International, which will in turn hold approximately 75% of the issued share capital of our 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.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Share Offer and the Capitalisation Issue have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Share Offer and the Capitalisation Issue:

Authorised share capital:		*HK$*
200,000,000	Shares of HK$0.01 each	2,000,000

Issued and to be issued, fully paid or credited as fully paid:

100	Shares in issue as at the date of this prospectus	1
23,999,900	Shares to be issued pursuant to the Capitalisation Issue	239,999
8,000,000	Shares to be issued pursuant to the Share Offer	80,000
32,000,000	**Total**	320,000

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares will rank equally with all Shares now in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

GENERAL MANDATES GRANTED TO OUR DIRECTORS

Subject to the Share Offer becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares.

For details of such general mandates, see the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 21 February 2017" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which shall carry the same rights as the other Shares.

As a matter of the Cayman Islands Company Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of the circumstances under which general meeting and class meeting are required are set out in the section headed "Summary of the Constitution of our Company and the Cayman Islands Company Law" in Appendix III to this prospectus.

You should read the following discussion and analysis of our Group's financial condition and results of operations in conjunction with our consolidated financial statements as of and for each of the year ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, and notes thereto set forth in the Accountants' Report included as Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs. Potential investors should read the whole accountants' report set forth in Appendix I to this prospectus, and not rely merely on the information contained in this section. The following discussion and analysis contains certain forward-looking statements which involves risks and uncertainties. Please see the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus for discussions of those risks and uncertainties.

OVERVIEW

We are an apparel designing and sourcing service provider for branded fashion retailers. Our apparel designing and sourcing services include (i) design and development which involves (a) offering of our in-house designed collections displayed in our showrooms which our customers can select off-the-shelves; (b) providing tailored design based on customers' specification and requirements; and (c) offering design ideas and suggestions on product improvements on our customers' preliminary designs; (ii) sourcing of suppliers which are responsible for the sourcing of raw materials and the production of the apparel products for our customers; (iii) production and logistics management which involves monitoring the manufacturing processes of our Approved Suppliers and arranging delivery of apparel products to customers; and (iv) quality assurance which involves conducting inspections of the apparel products at different production stages and sample checking by external inspectors. Our customers comprise mainly Fashion Retailers and Online Fashion Retailers. We directly liaise with our customers and we do not operate through any sourcing agents. During the Track Record Period, the apparel products that we offer to our customers are womenswear or childrenswear and most of our revenue was derived from our sales to our customers in the UK which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, we recorded revenue of approximately HK$140.3 million, HK$158.8 million and HK$59.7 million, respectively, and net profit attributable to the owners of our Company of approximately HK$7.6 million, HK$17.5 million and HK$0.3 million, respectively. If excluding the Listing expenses, which is an one-time expense, the net profit attributable to the owners of our Company for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 would be approximately HK$7.6 million, HK$23.0 million and HK$6.5 million, respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

We have prepared our financial information on the historical cost convention and in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, on the basis set out in note 2 to the Accountants' Report as set out in Appendix I to this prospectus. In addition, our financial information includes the applicable disclosure required by the GEM Listing Rules and the Companies Ordinance.

Pursuant to the Reorganisation as more fully explained in the section headed "History and Corporate Structure — Reorganisation", our Company became the holding company of the companies now comprising our Group on 15 January 2016. The immediate and ultimate holding company is JC International, a company incorporated in the BVI which Mr. Charles Choi is the ultimate controlling party. Our Company and our subsidiaries have been under the common control of Mr. Charles Choi throughout the Track Record Period or since our respective date of incorporation, where there is a shorter period. Our Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared on the basis as if our Company had always been the holding company of our Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of our Group as at 30 April 2015, 30 April 2016 and 31 August 2016 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our Group's results of operations and financial conditions during the Track Record Period have been and will continue to be affected by a number of factors, which are set out below:

Demand from our major customers

We rely on the apparel design and sourcing business from a few major customers. Sales to our top five customers accounted for approximately 82.2%, 79.8% and 87.9% of our total sales for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Sales to our top customer accounted for approximately 41.2%, 44.2% and 41.2% of our total sales for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively.

We generally do not enter into long-term agreements with any of our customers. Purchases are typically made on an order-by-order basis with no commitment for our customers to place further orders with us. Consequently, most of our customers, including our top five customers, may cancel, reduce or defer future orders at will. If any of these major customers were to substantially reduce the volume and/or the value of the orders they place with us or to cease to conduct business with us, there is no assurance that (i) we would be able to obtain orders from new customers or other existing customers to make up for such loss of sales; or (ii) even if we would be able to obtain other orders, they would be on commercially comparable terms. In such circumstances, our business and our results of operations would be materially and adversely affected.

Reliance on major market

During the Track Record Period, most of our revenue has derived from our sales to our customers in the UK which accounted for approximately 91.5%, 92.3% and 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. Economic and political factors impacting the UK market in particular may adversely affect the spending habits of its consumers and, therefore, the purchasing decisions of our UK customers. If there was a significant decrease in the orders from our customers in the UK, which would materially and adversely affect our business operations and financial results.

Use of Approved Suppliers

During the Track Record Period, all of the apparel products that we supplied to our customers were manufactured by our Approved Suppliers. If any of our Approved Suppliers terminate their business relationships with us or if there were changes to the current arrangements, we may not be able to source suitable products from alternative Approved Suppliers in a timely manner and/or on commercially comparable terms. This could result in delay in our production schedule and adversely affect our ability to fulfil customers' orders and in turn adversely affect our sales and gross profit margin. As we only signed framework agreements with a number of our major Approved Suppliers, which do not specify terms such as quantities and price of products, the terms of services provided by our Approved Suppliers depend on the actual order from our customers which may also be susceptible to fluctuations with regard to pricing, timing and quality. In addition, if there is any disruption to our Approved Suppliers' operations, then their production schedules could be delayed, causing knock-on delays in our delivery schedules and impair our ability to fulfil adequately our customers' orders. This could adversely affect our apparel sourcing services, we may not be able to meet our commitments to our customers and may have an adverse impact on our business reputation. We may also incur significant additional costs which we may not be able to pass along to our customers and in turn could have a material adverse effect on our business, financial condition and results of operations.

Foreign currency exposure

During the Track Record Period, our sales to customers were denominated either in US$ or GBP. In order to minimise our foreign currency risk, the invoicing currency with all our existing customers who were being billed in GBP has been changed from GBP to US$ as at the Latest Practicable Date except for three customers. During the Track Record Period, the total revenue generated from two of the aforesaid customers only represented 2.9%, 4.1% and 7.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively, and we have only received payment from the third customer for their first order in August 2016. Despite the above, we may still be exposed to the depreciation of GBP against US$ as our UK customers could still wish to negotiate with the Group for lower purchase price in terms of US$, decrease their purchase volume or look for alternative suppliers in case of any further depreciation of GBP as discussed in the "Risk Factor — We are exposed to currency exchange rate fluctuations because we receive a majority of our revenue in US$ and GBP, but incur many of our expenses in other currencies. Future exchange rate fluctuations between the US$ and GBP and certain other currencies, such as RMB, may adversely affect our business." in this prospectus. We have not entered into any agreements to hedge our exchange rate exposure relating to GBP and there is no assurance that we will be able to enter into such agreements on commercially viable terms in the future. We are therefore vulnerable to GBP depreciation. Accordingly, there are no assurances that future exchange rate fluctuations between the GBP and certain other currencies will not adversely affect our business. During the Track Record Period, we generally paid our expenses to our Approved Suppliers and operating expenses for the Hong Kong office and staff costs in HK$, which we do not consider to have foreign exchange risk as HK$ is pegged to US$.

Payment arrangements

There are no assurances that all our customers will continuously maintain a good practice of making timely payments to us according to the relevant contractual arrangements. Should we experience any unexpected delay or difficulty in collections from our customers, our operating results and financial condition may be adversely affected. Further, we may be exposed to further credit risks from new customers and from providing credit to our existing customers.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Group's financial information has been prepared in accordance with HKFRSs which comprise all standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. Please refer to note 4 to section F of the Accountants' Report as set out in Appendix I to this prospectus for details of the significant accounting policies relating to our Group's financial information and refer to note 5 to section F of the Accountants' Report as set out in Appendix I to this prospectus for details of the critical accounting estimates policies.

SUMMARY RESULTS OF OPERATIONS

The following table sets out the selected financial information of our Group for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, which are derived from our consolidated statements of comprehensive income included in the Accountants' Report as set out in Appendix I to this prospectus.

	For the year ended 30 April		**For the four months ended 31 August**	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Revenue	140,285	158,838	49,997	59,683
Cost of sales	(115,671)	(122,501)	(40,355)	(46,138)
Gross profit	**24,614**	**36,337**	**9,642**	**13,545**
Other income	411	3,129	235	1,034
Other gain and loss, net	(383)	675	369	(2,495)
Administrative expenses	(6,658)	(4,847)	(1,275)	(1,363)
Selling and distribution expenses	(8,161)	(7,401)	(2,890)	(2,493)
Finance costs	(359)	(191)	(71)	(84)
Listing expenses	–	(5,467)	(500)	(6,235)
Profit before taxation	**9,464**	**22,235**	**5,510**	**1,909**
Income tax expenses	(1,888)	(4,732)	(1,049)	(1,625)
Profit and total comprehensive income	**7,576**	**17,503**	**4,461**	**284**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was generated from the supply of womenswear and childrenswear with design and sourcing service. Our customers are Online Fashion Retailers and Fashion Retailers, most of which are based in the UK. Our total revenue was approximately HK$140.3 million, approximately HK$158.8 million and approximately HK$59.7 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The revenue analysis by (i) product type; (ii) customer type; and (iii) geographical location; and (iv) sales volume and selling price, are set out in the paragraphs below. Please also refer to the sub-section headed "Management's discussion and analysis of the results of the operations — Revenue" in this section for reasons for the increase in revenue during the Track Record Period.

Revenue analysis in terms of product type

The following table sets out the breakdown of our revenue by product type during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Product type	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
					(unaudited)			
Womenswear	114,880	81.9%	136,736	86.1%	41,412	82.9%	47,154	79.0%
Childrenswear	25,405	18.1%	22,102	13.9%	8,585	17.1%	12,529	21.0%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

As set out above, majority of our revenue was derived from womenswear, which accounted for approximately 81.9%, 86.1% and 79.0% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The increase in revenue from womenswear from approximately HK$114.9 million for the year ended 30 April 2015 to approximately HK$136.7 million for the year ended 30 April 2016 was mainly due to (i) significant increase in average selling price of womenswear from approximately HK$123.1 for the year ended 30 April 2015 to approximately HK$144.8 for the year ended 30 April 2016; and (ii) slight increase in sales volume from approximately 933,000 units for the year ended 30 April 2015 to approximately 944,000 units for the year ended 30 April 2016. The slight decrease in revenue from childrenswear was mainly due to the net effect of (i) slight increase in average selling price from approximately HK$97.0 for the year ended 30 April 2015 to approximately HK$101.9 for the year ended 30 April 2016; and (ii) decrease in sales volume from approximately 262,000 units for the year ended 30 April 2015 to approximately 217,000 units for the year ended 30 April 2016.

The increase in revenue from womenswear from approximately HK$41.4 million for the four months ended 31 August 2015 to approximately HK$47.2 million for the four months ended 31 August 2016 was mainly due to (i) increase in average selling price of womenswear from approximately HK$143.8 for the four months ended 31 August 2015 to approximately HK$152.6 for the four months ended 31 August 2016; and (ii) slight increase in sales volume from approximately 288,000 units for the four months ended 31 August 2015 to approximately 309,000 units for the four months ended 31 August 2016. The increase in revenue from childrenswear from approximately HK$8.6 million to approximately HK$12.5 million was mainly due to the net effect of (i) increase in average selling price from approximately HK$88.5 for the four months ended 31 August 2015 to approximately HK$97.1 for the four months ended 31 August 2016; and (ii) increase in sales volume from approximately 97,000 units for the four months ended 31 August 2015 to approximately 129,000 units for the four months ended 31 August 2016.

Further details of the reasons for the fluctuation in sales volume and selling price for womenswear and childrenswear are set out under the sub-section headed "Revenue analysis in terms of sales volume and selling price" below.

Revenue analysis in terms of customer type

The following table sets out the breakdown of our revenue by Fashion Retailers and Online Fashion Retailers during the Track Record Period:

	For the year ended 30 April				**For the four months ended 31 August**			
	2015		**2016**		**2015**		**2016**	
Customer type	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000* (unaudited)	*% of total revenue*	*HK$'000*	*% of total revenue*
Fashion Retailers	105,540	75.2%	114,933	72.4%	36,855	73.7%	36,490	61.1%
Online Fashion Retailers	34,745	24.8%	43,905	27.6%	13,142	26.3%	23,193	38.9%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

As set out above, majority of our revenue was derived from Fashion Retailers, which accounted for approximately 75.2%, 72.4% and 61.1% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The increase in revenue from Fashion Retailers from approximately HK$105.5 million for the year ended 30 April 2015 to approximately HK$114.9 million for the year ended 30 April 2016 was mainly due to the net effect of (i) increase in average selling price from approximately HK$104.1 for the year ended 30 April 2015 to approximately HK$119.7 for the year ended 30 April 2016; and (ii) slight decrease in sales volume from approximately 1,014,000 units for the year ended 30 April 2015 to approximately 960,000 units for the year ended 30 April 2016. The increase in revenue from Online Fashion Retailer was mainly due to (i) increase in average selling price from approximately HK$192.0 for the year ended 30 April 2015 to approximately HK$218.4 for the year ended 30 April 2016; and (ii) increase in sales volume from approximately 181,000 units for the year ended 30 April 2015 to approximately 201,000 units for the year ended 30 April 2016.

There was no material fluctuation in revenue generated from Fashion Retailers for the four months ended 31 August 2015 and 31 August 2016. The increase in revenue from Online Fashion Retailer from approximately HK$13.1 million for the four months ended 31 August 2015 to approximately HK$23.2 million was mainly due to a significant increase in sales volume from approximately 64,000 units for the four months ended 31 August 2015 to approximately 113,000 units for the four months ended 31 August 2016.

Further details of the reasons for the fluctuation in sales volume and selling price for Fashion Retailers and Online Fashion Retailers are set out under the sub-section headed "Revenue analysis in terms of sales volume and selling price" below.

Revenue analysis in terms of geographical location

The following table sets out the breakdown of our revenue based on geographical location of customers during the Track Record Period:

	For the year ended 30 April				**For the four months ended 31 August**			
	2015		**2016**		**2015**		**2016**	
Geographical location	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000* (unaudited)	*% of total revenue*	*HK$'000*	*% of total revenue*
UK	128,310	91.5%	146,658	92.3%	44,838	89.7%	58,163	97.5%
Others [Note]	11,975	8.5%	12,180	7.7%	5,159	10.3%	1,520	2.5%
Total	140,285	100.0%	158,838	100.0%	49,997	100.0%	59,683	100.0%

Note: Others include Ireland, Russia, the US and Sweden.

During the Track Record Period, we generated most of our revenue from customers in the UK, which accounted for approximately 91.5%, approximately 92.3% and approximately 97.5% of our total revenue for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, respectively. The increase in revenue generated from the UK by (i) 14.3% from approximately HK$128.3 million for the year ended 30 April 2015 to approximately HK$146.7 million for the year ended 30 April 2016; and (ii) 29.7% from approximately HK$44.8 million for the four months ended 31 August 2015 to approximately HK$58.2 million for the four months ended 31 August 2016, was the main driver for the increase of our total revenue during the Track Record Period.

Revenue analysis in terms of sales volume and selling price

Our revenue is correlated with the sales volume and the selling price of our products and is determined by our customers' demand which is in turn influenced by many factors, including the macro consumer market, the worldwide economy and the satisfaction of our customers on our services.

The table below sets forth our sales volume by product and customer type during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Product type	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*
					(unaudited)			
Womenswear	933	78.1%	944	81.3%	288	74.8%	309	70.5%
Childrenswear	262	21.9%	217	18.7%	97	25.2%	129	29.5%
Total	1,195	100.0%	1,161	100.0%	385	100.0%	438	100.0%

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Customer type	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*	*'000 units*	*% of total sales volume*
					(unaudited)			
Fashion Retailers	1,014	84.9%	960	82.7%	321	83.4%	325	74.2%
Online Fashion Retailers	181	15.1%	201	17.3%	64	16.6%	113	25.8%
Total	1,195	100.0%	1,161	100.0%	385	100.0%	438	100.0%

As set out above, our total sales volume decreased by 2.8% from approximately 1,195,000 units for the year ended 30 April 2015 to approximately 1,161,000 units for the year ended 30 April 2016. In terms of product type, our sales volume was mainly contributed by womenswear, contributing 78.1%, 81.3%, 74.8% and 70.5% to the total sales volume for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, respectively. During the years ended 30 April 2015 and 30 April 2016, sales volume for womenswear increased by 1.2% while sales volume for childrenswear decreased by 17.2%. This is mainly due to our strategy of sourcing more womenswear, which in general has a relatively higher gross profit per unit compared to childrenswear, as demonstrated by the higher gross profit per unit for womenswear (for the year ended 30 April 2015: approximately HK$22.2; for the year ended 30 April 2016: approximately HK$33.1) compared that for childrenswear (for the year ended 30 April 2015: approximately HK$15.0; for the year ended 30 April 2016: approximately HK$23.5) during the years ended 30 April 2015 and 30 April 2016. The higher gross profit per unit for womenswear was mainly due to its higher average selling price compared to that for childrenswear as discussed in detail below.

Our total sales volume increased by 13.8% from approximately 385,000 units for the four months ended 31 August 2015 to approximately 438,000 units for the four months ended 31 August 2016. In terms of product type, womenswear increased by 7.3% and sales volume for childrenswear increased by 33.0%. The increase in sales volume in childrenswear as we have sold more childrenswear products in order to diversify our product types.

In terms of customer types, our sales volume was mainly contributed by Fashion Retailers, contributing 84.9%, 82.7%, 83.4% and 74.2% to the total sales volume during the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, respectively. During the years ended 30 April 2015 and 30 April 2016, sales volume to Online Fashion Retailers increased by 11.0%, while sales volume to Fashion Retailers decreased by 5.3%. This is mainly due to our strategy of sourcing more products to cater for our Online Fashion Retailers, which in general has a higher gross profit per unit compared to Fashion Retailers, as demonstrated by the higher gross profit per unit for Online Fashion Retailers (for the year ended 30 April 2015: approximately HK$29.1; for the year ended 30 April 2016: approximately HK$48.8) compared to Fashion Retailers (for the year ended 30 April 2015: approximately HK$19.1; for the year ended 30 April 2016: approximately HK$27.6) during the Track Record Period. The higher gross profit per unit for Online Fashion Retailers was mainly due to its higher average selling price compared to that for Fashion Retailers as discussed in detail below. For the four months ended 31 August 2015 and 31 August 2016, sales volume contributed by Online Fashion Retailers increased significantly by 76.6%, while there was no material change in the sales volume contributed by Fashion Retailers. The significant increase in sales volume contributed by Online Fashion Retailers was mainly due to the fast growing trend of the online apparel market as mentioned under "Business — Reasons for and benefits of the Listing and the Share Offer — 1. To capture the fast growing trend of the online apparel market".

The table below sets forth our average selling price by product and customer type (calculated by dividing the segment revenue by segment sales volume) during the Track Record Period:

	For the year ended 30 April		**For the four months ended 31 August**	
	2015	**2016**	**2015**	**2016**
	Average selling price HK$	*Average selling price HK$*	*Average selling price HK$*	*Average selling price HK$*
Product type				
Womenswear	123.1	144.8	143.8	152.6
Childrenswear	97.0	101.9	88.5	97.1
Customer type				
Fashion Retailers	104.1	119.7	114.8	112.3
Online Fashion Retailers	192.0	218.4	205.3	205.2
Overall	117.4	136.8	129.9	136.3

As mentioned in the section headed "Business — Pricing strategy" in this prospectus, our apparel products are priced based on a number of factors including (i) the complexity and number of steps involved in the production process, (ii) the volume of orders and timing of delivery, (iii) the estimated cost of the apparel product (including the estimated design and development costs which we would incur and the fees and expenses quoted by our Approved Suppliers for manufacturing the apparel product), and (iv) the estimated mark-up margins we charge.

During the Track Record Period, our overall average selling price were approximately HK$117.4, approximately HK$136.8, approximately HK$129.9 and approximately HK$136.3 for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, respectively. In terms of product type, womenswear were generally priced higher than childrenswear mainly due to (i) the complexity and number of steps involved in the production process (for example, womenswear generally has more design elements compared to childrenswear); (ii) the estimated cost of the apparel product (for example, womenswear generally requires more fabric compared to childrenswear); and (iii) smaller quantities per order for womenswear (for the year ended 30 April 2015: approximately 900 units; for the year ended 30 April 2016: approximately 758 units; for the four months ended 31 August 2015: approximately 533 units; for the four months ended 31 August 2016: approximately 448 units) compared to that for childrenswear (for the year ended 30 April 2015: approximately 1,614 units; for the year ended 30 April 2016: approximately 1,146 units; for the four months ended 31 August 2015: approximately 1,021 units; for the four months ended 31 August 2016: approximately 1,316 units) during the Track Record Period. In general, we would charge a higher premium for orders with smaller quantities due to the difficulty in time management and the lack of economies of scale for our Approval Suppliers to manufacture the apparel products in small quantities.

For the years ended 30 April 2015 and 30 April 2016, the average selling price increased significantly for womenswear as we sourced more higher value womenswear for our customers including ladies dresses, ladies tops and ladies skirts for the year ended 30 April 2016. The average selling price for childrenswear increased slightly as we charged a premium for smaller quantities orders as reflected by the significant decrease in average quantities per order for childrenswear from approximately 1,614 units for the year ended 30 April 2015 to approximately 1,146 units for the year ended 30 April 2016. For the four months ended 31 August 2015 and 31 August 2016, the average selling price increased for both womenswear and childrenswear as we sourced more higher value womenswear and childrenswear for our customers for the four months ended 31 August 2016.

In terms of customer type, a higher average selling price was noted for Online Fashion Retailers mainly due to smaller quantities per order for Online Fashion Retailers (for the year ended 30 April 2015: approximately 498 units; for the year ended 30 April 2016: approximately 354 units; for the four months ended 31 August 2015: approximately 282 units; for the four months ended 31 August 2016: approximately 273 units) compared to that for Fashion Retailers (for the year ended 30 April 2015: approximately 1,230 units; for the year ended 30 April 2016: approximately 1,109 units; for the four months ended 31 August 2015: approximately 787 units; for the four months ended 31 August 2016: approximately 871 units) during the Track Record Period, which we would charge a higher price for these orders with smaller quantities for reasons stated in the above paragraph. As discussed in detail under the section headed "Industry Overview — Challenges and opportunities — Apparel design analysis" in this prospectus, Online Fashion Retailers normally purchase smaller quantities in a single order as they tend not to hold too much of inventory.

For the years ended 30 April 2015 and 30 April 2016, the average selling price increased for Online Fashion Retailers and Fashion Retailers as we sourced more higher value womenswear for our customers as mentioned above. For the four months ended 31 August 2015 and 31 August 2016, there was no material change in the average selling price for Online Fashion Retailers and Fashion Retailers.

In addition, we opened a showroom in the UK in September 2014 and we believe the introduction of such showroom have enabled us to showcase apparel products, in particular, our in-house design collections, which offer more options of apparel products for customer selection and enabled us to charge a relatively higher premium. As detailed in the section headed "Industry Overview — Challenges and opportunities — Competitive landscape" in this prospectus, our Group is categorised as Group 1 where we can achieve a higher gross profit margin. We have adopted a policy to only accept orders with expected gross profit margin equal or higher than 18% for the year ended 30 April 2016 and the four months ended 31 August 2016. Any orders with expected gross profit margin lower than 18% will require approval from an executive Director.

As a result of the above, the overall average selling price increased from HK$117.4 for the year ended 30 April 2015 to HK$136.8 for the year ended 30 April 2016 and increased from approximately HK$129.9 for the four months ended 31 August 2015 to approximately HK$136.3 for the four months ended 31 August 2016. Please refer to "Business — Overview" for further details of the opening of the UK showroom.

Cost of sales

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, our cost of sales was approximately HK$115.7 million, approximately HK$122.5 million, approximately HK$40.4 million and approximately HK$46.1 million, respectively. During the Track Record Period, we outsourced all of our production orders to Approved Suppliers and almost all of our cost of sales represented the fees charged by our Approved Suppliers, being the purchase cost of finished apparel products from these Approved Suppliers. The fees charged by our Approved Suppliers will depend primarily on, among other things, the quantity and quality of raw materials required and technical complexity of the product to be manufactured. Please also refer to the sub-section headed "Management's discussion and analysis of the results of the operations — Cost of sales" in this section for reasons for the increase in cost of sales during the Track Record Period. Please also refer to the sub-section headed "Sensitivity analysis" in this section for the impact of hypothetical fluctuations in cost of sales on our gross profit during the Track Record Period.

Gross profit and gross profit margin

Our gross profit was approximately HK$24.6 million, HK$36.3 million, HK$9.6 million and HK$13.5 million for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016, respectively, and our gross profit margin was 17.5%, 22.9%, 19.3% and 22.7% for the same period, respectively. The gross profit and gross profit margin analysis by (i) product type; and (ii) customer type, are set out in the paragraphs below. Please also refer to the sub-section headed "Management's discussion and analysis of the results of the operations — Gross profit and gross profit margin" in this section for reasons for the increase in gross profit and gross profit margin during the Track Record Period.

Gross profit and gross profit margin analysis by product type

The following table sets out an analysis of gross profit and gross profit margin by product type during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Product type	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*
					(unaudited)			
Womenswear	20,695	18.0%	31,232	22.8%	8,075	19.5%	10,666	22.6%
Childrenswear	3,919	15.4%	5,105	23.1%	1,567	18.3%	2,879	23.0%
Total	24,614	17.5%	36,337	22.9%	9,642	19.3%	13,545	22.7%

During the Track Record Period, the gross margin for both womenswear and childrenswear were at similar level. For the years ended 30 April 2015 and 30 April 2016, the increase in gross profit margin for both womenswear and childrenswear was mainly due to the increase in their respective average selling price for the year ended 30 April 2016. For childrenswear, the increase in gross profit margin was also because we charged a premium for some of the smaller quantities orders as the average quantity per order for childrenswear decreased significantly from approximately 1,614 units for the year ended 30 April 2015 to approximately 1,146 units for the year ended 30 April 2016. For the four months ended 31 August 2015 and 31 August 2016, the increase in gross profit margin for both womenswear and childrenswear was mainly because we have been able to benefit from the general depreciation of RMB against HK$, the average exchange rate of which decreased by 5.6% from approximately HK$1.24 per RMB[(Note)] for the four months ended 31 August 2015 to approximately HK$1.17 per RMB[(Note)] for the four months ended 31 August 2016. Therefore, we believe we are in a better bargaining position to negotiate more favourable terms with our Approved Suppliers that are based in the PRC for the four months ended 31 August 2016.

Note: Based on the average daily closing price as of the respective periods as extracted from Bloomberg.

Gross profit and gross profit margin analysis by customer type

The following table sets out an analysis of gross profit and gross profit margin by customer type during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Customer type	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*	*Gross profit HK$'000*	*Gross profit margin %*
					(unaudited)			
Fashion Retailers	19,349	18.3%	26,533	23.1%	7,127	19.3%	8,103	22.2%
Online Fashion Retailers	5,265	15.2%	9,804	22.3%	2,515	19.1%	5,442	23.5%
Total	24,614	17.5%	36,337	22.9%	9,642	19.3%	13,545	22.7%

During the Track Record Period, the gross profit margin for both Online Fashion Retailers and Fashion Retailers were at similar level. For the years ended 30 April 2015 and 30 April 2016, the increase in gross profit margin for both Online Fashion Retailers and Fashion Retailers was mainly due to the increase in their respective average selling price during the Track Record Period. For Online Fashion Retailer, the increase in gross profit margin was also because (i) we offered less trade discounts to one of our Online Fashion Retailers for the year ended 30 April 2016; and (ii) we charged a premium for some of the smaller quantities orders as the average quantity per order for Online Fashion Retailer decreased significantly from approximately 498 units for the year ended 30 April 2015 to approximately 354 units for the year ended 30 April 2016. For the four months ended 31 August 2015 and 31 August 2016, the increase in gross profit margin for both Fashion Retailers and Online Fashion Retailers was mainly due to the same reason of the general depreciation of RMB against HK$ for the increase in gross profit margin for womenswear and childrenswear as mentioned above.

Other income

The following table sets out a breakdown of our other income during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Service income	25	6.1	1,868	59.7	–	–	800	77.4
Sample income	381	92.7	1,049	33.5	232	98.7	83	8.0
Others	5	1.2	212	6.8	3	1.3	151	14.6
Total	411	100.0	3,129	100.0	235	100.0	1,034	100.0

Service income mainly represented the income received from apparel and footwear manufacturers in the PRC or their representatives for the provision of consulting services as discussed in the section headed "Business — Our customers — Consulting services" in this prospectus.

Sample income represented the income received from our customers for the sales of samples.

Other income mainly represented miscellaneous handling fees charged to customers and payment in lieu of notice by staff.

Other gains and losses, net

The following table sets out a breakdown of our other gain and loss, net during the Track Record Period:

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Net gain on disposal of property, plant and equipment	–	1,401	–	15
Net exchange (loss)/gain	(383)	(726)	369	(2,510)
	(383)	675	369	(2,495)

Net gain on disposal of property, plant and equipment mainly represented recognised gain in relation to the disposal of a motor vehicle during the year ended 30 April 2016.

Net exchange loss represented the realised gains or losses on foreign exchange at the time of recording of sales and purchases and settlement of trade receivables and payables under normal business operation and retranslation of foreign currency balances at year end.

Administrative expenses

The following table sets out a breakdown of our general and administrative expenses during the Track Record Period:

		For the year ended 30 April				For the four months ended 31 August			
		2015		2016		2015		2016	
	Notes	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Staff costs	*1*	2,203	33.1	1,902	39.2	517	40.6	568	41.8
Consultancy fee	*2*	1,880	28.2	–	–	–	–	–	–
Depreciation expenses	*3*	623	9.4	783	16.2	220	17.3	91	6.7
Auditor's remuneration	*4*	500	7.5	500	10.3	–	–	–	–
Travelling expenses	*5*	470	7.1	385	7.9	139	10.9	55	4.0
Rent and rates	*6*	347	5.2	720	14.9	193	15.1	284	20.8
Bank charges	*7*	225	3.4	171	3.5	50	3.9	70	5.1
Others	*8*	410	6.1	386	8.0	156	12.2	295	21.6
Total		**6,658**	**100.0**	**4,847**	**100.0**	**1,275**	**100.0**	**1,363**	**100.0**

Notes:

1. Staff costs mainly represented salaries and other benefits for our Directors as well as our administrative department staff.

2. Consultancy fee represented fees paid to JC FCL, a company currently owned by Mr. Joseph Choi, father of Mr. Charles Choi, for the consulting and advisory services provided by JC FCL to our Group.

3. Depreciation expenses represented depreciation costs of our Group's leasehold improvement, furniture, fixtures and motor vehicles.

4. Auditor's remuneration mainly represented audit fee paid to our auditor.

5. Travelling expenses represented expenses for business trip and local travelling incurred by our Directors and staff.

6. Rent and rates represented rental expenses for our Group's rented premises.

7. Bank charges represented fees paid for bank services.

8. Others expenses represented legal and professional fee and general office expenses.

Selling and distribution expenses

The following table sets out a breakdown of our Group's selling and distribution expenses during the Track Record Period:

		For the year ended 30 April				For the four months ended 31 August			
		2015		2016		2015		2016	
	Notes	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
						(unaudited)			
Staff costs	*1*	3,194	39.1	2,913	39.4	1,142	39.5	774	31.0
Transportation cost	*2*	1,269	15.5	1,141	15.4	409	14.2	388	15.6
Testing charges	*3*	1,198	14.7	1,348	18.2	442	15.3	616	24.7
Design consulting fees	*4*	720	8.8	1,023	13.8	300	10.4	408	16.4
Postage and courier charges	*5*	658	8.1	813	11.0	289	10.0	284	11.4
Others	*6*	1,122	13.8	163	2.2	308	10.6	23	0.9
Total		8,161	100.0	7,401	100.0	2,890	100.0	2,493	100.0

Notes:

1. Staff costs represented salaries and MPF contributions paid to front line employees and staff, including design and development team, quality assurance team, sales and sourcing team and shipping team as well as sales commission to our sales staff.

2. Transportation cost represented logistics costs for the delivery of our finished goods from the warehouse of our Approved Suppliers to the port specified by our customers.

3. Testing charges represented fees paid to external inspectors to inspect and perform laboratory test on our product for quality assurance.

4. Design consulting fees represented fees paid to our design consultants for providing assistance to our design and development team, which includes product design, seasonal trends, theme positioning, colour scheme and materials to be used.

5. Postage and courier charges represented postage expenses for sample products delivered to our customers by mail post.

6. Others expenses mainly represented motor vehicle expenses, product claim expenses and entertainment expenses.

Finance costs

The following table sets out a breakdown of our finance costs during the Track Record Period:

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(unaudited)			
Interest on bank borrowings	181	50.4	31	16.2	13	18.3	–	–
Interest on factoring arrangement	176	49.0	152	79.6	55	77.5	84	100.0
Others	2	0.6	8	4.2	3	4.2	–	–
	359	100.0	191	100.0	71	100.0	84	100.0

Interest on bank borrowings represented interest expenses incurred for the utilisation of banking facilities.

Interest on factoring arrangement represented the interests charged by the Bank which accepts the transfer of the payment obligation under the finance program operated by the Bank as discussed in details in the section headed "Business — Our customers — Customer finance program" in this prospectus.

Others represented interest expenses in relation to finance lease.

Income tax expenses

As all our profits are derived from Hong Kong, we are subject to income tax in Hong Kong and we have no tax payable in other jurisdictions during the Track Record Period. The statutory income tax rate in Hong Kong was 16.5% during the Track Record Period. Our income tax expenses are comprised of current tax expenses, over provision in prior year and deferred tax credit amounting to approximately HK$1.9 million, HK$4.7 million, HK$1.0 million and HK$1.6 million, respectively, for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF THE OPERATIONS

Year ended 30 April 2016 compared to year ended 30 April 2015

Revenue

Our overall revenue increased by 13.2% from approximately HK$140.3 million for the year ended 30 April 2015 to approximately HK$158.8 million for the year ended 30 April 2016. The increase in our revenue was mainly due to the increase in overall average selling price for our apparel products by 16.5% from approximately HK$117.4 for the year ended 30 April 2015 to HK$136.8 for the year ended 30 April 2016, while our total sales volume decreased by 2.8% from approximately 1,195,000 units for the year ended 30 April 2015 to approximately 1,161,000 units for the year ended 30 April 2016. As discussed in details under the sub-section headed "Description of selected components of consolidated statements of comprehensive income — Revenue — Revenue analysis in terms of sales volume and selling price" in this section above, the increase in the overall average selling price of our Group was mainly due to (i) the sourcing of more higher value womenswear for our customers for the year ended 30 April 2016 including ladies dresses, ladies tops and ladies skirts for the year ended 30 April 2016; (ii) we charge a premium for some of the smaller quantity orders as demonstrated by the significant decrease in average quantities per order for our childrenswear from approximately 1,614 units for the year ended 30 April 2015 to approximately 1,146 units for the year ended 30 April 2016; and (iii) we offered less trade discounts to one of our Online Fashion Retailers for the year ended 30 April 2016. In addition, we opened a showroom in the UK in September 2014 and we believe the introduction of such showroom has enabled us to showcase apparel products, in particular, our in-house design collections, which offer more options of apparel products for customer selection and enabled us to charge a relatively higher premium. We have adopted a policy to only accept orders with expected gross profit margin equal or higher than 18% for the year ended 30 April 2016. Any orders with expected gross profit margin lower than 18% will require approval from an executive Director. Please also refer to sub-section headed "Description of selected components of consolidated statements of comprehensive income — Revenue" for revenue analysis by product type, customer type, geographical location and sales volume and selling price.

Cost of sales

Our cost of sales increased by 5.9% from approximately HK$115.7 million for the year ended 30 April 2015 to approximately HK$122.5 million for the year ended 30 April 2016. The increase in our cost of sales was mainly due to (i) purchase of more higher value womenswear from our Approved Suppliers including ladies dresses, ladies tops and ladies skirts for the year ended 30 April 2016; which was partially offset by (ii) we have been able to benefit from the general depreciation of RMB against HK$, the average exchange rate of which decreased by 2.9% from approximately HK$1.25 per RMB *(Note)* for the year ended 30 April 2015 to approximately HK$1.21 per RMB *(Note)* for the year ended 30 April 2016, as we believe that we are in a better bargaining position to negotiate more favorable terms with our Approved Suppliers that are based in the PRC for the year ended 30 April 2016.

Note: Based on the average daily closing price as of the respective periods as extracted from Bloomberg.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 47.6% from approximately HK$24.6 million for the year ended 30 April 2015 to approximately HK$36.3 million for the year ended 30 April 2016. Our gross profit margin increased from 17.5% for the year ended 30 April 2015 to 22.9% for the year ended 30 April 2016. The increase in gross profit margin was mainly due to the net effect of (i) the sourcing of more higher value womenswear for our customers including ladies dresses, ladies tops and ladies skirts for the year ended 30 April 2016; (ii) we charged a premium for some of the smaller quantities orders due to the significant decrease in quantities per order for our childrenswear; (iii) we offered less trade discounts to one of our Online Fashion Retailers for the year ended 30 April 2016; (iv) we believed that we are able to charge our customers a higher premium after the opening of our showroom in the UK in September 2014 as mentioned above under "Revenue" in this sub-section; and (v) the general depreciation of RMB against HK$ as mentioned above under "Cost of sales" in this sub-section. Please also refer to sub-section headed "Description of selected components of consolidated statements of comprehensive income — Gross profit and gross profit margin" for gross profit and gross profit margin analysis by product type and customer type.

Other income

Our other income increased by 661.3% from approximately HK$0.4 million for the year ended 30 April 2015 to approximately HK$3.1 million for the year ended 30 April 2016. Such increase was mainly due to (i) increase in service income by approximately HK$1.8 million as we began to provide our consulting services during the year ended 31 March 2016; and (ii) increase in sample income by approximately HK$0.7 million due to the increase in sales of samples to one of our customers. Please refer to the section headed "Business — Our customers — Consulting services" in this prospectus for details of the consulting service.

Other gain and loss, net

Our other gain and loss increased from a loss of approximately HK$0.4 million for the year ended 30 April 2015 to a gain of approximately HK$0.7 million for the year ended 30 April 2016, due to the net effect of (i) recognised gain of approximately HK$1.4 million in relation to the disposal of a motor vehicle and (ii) the increase in net exchange loss by approximately HK$0.3 million for year ended 30 April 2016.

Administrative expenses

Our administrative expenses decreased by 27.2% from approximately HK$6.7 million for the year ended 30 April 2015 to approximately HK$4.8 million for the year ended 30 April 2016 mainly due to (i) the decrease in consultancy fee paid to JC FCL, a company held by Mr. Joseph Choi, by approximately HK$1.9 million. Following the development of our Group's business by Mr. Charles Choi in October 2011, our Group and JC FCL entered into a consultancy agreement in January 2012, through which Mr. Joseph Choi agreed to provide consulting and advisory services, relating to the daily operation of our Group's sales and sourcing, and finance, administration and shipping departments, to our Group for three years for a monthly fee of approximately HK$0.2 million. Such consultancy arrangement between our Group and JC FCL was initially intended to facilitate the development our Group's business in the early stage of development. For the year ended 30 April 2016, no such consultancy fee was noted as the Consultancy Agreement expired on 31 December 2014; and (ii) decrease in staff costs by approximately HK$0.3 million mainly due to the net effect of (a) decrease in housing allowances for our Directors of approximately HK$0.7 million; (b) full year of salary paid to a human resources manager, who joined the Group in March 2015; and (c) general increase in salary level. For the year ended 30 April 2015, housing allowance to Mr. Charles Choi and Mr. Benny Choi was noted for the renting of staff quarters held by related companies managed by Mr. Joseph Choi. Such housing allowance arrangements to our Directors was discontinued from around May 2015 onwards.

Selling and distribution expenses

Our selling and distribution expenses decreased by 9.3% from approximately HK$8.2 million for the year ended 30 April 2015 to approximately HK$7.4 million for the year ended 30 April 2016 mainly due to the decrease in other expenses by approximately HK$1.0 million, which mainly includes (i) the decrease of motor vehicle expenses by approximately HK$0.5 million; and (ii) the decrease in product claims paid to our customers by approximately HK$0.3 million for product quality defects. The decrease in staff costs by approximately HK$0.3 million was offset by the increase in design consulting fees by approximately the same amount mainly because one of our staff resigned from our Group as a full time employee and was engaged as our design consultant.

Listing expenses

Our Listing expenses increased by approximately HK$5.5 million from nil for the year ended 30 April 2015 to approximately HK$5.5 million for the year ended 30 April 2016 as we only commenced preparation work for the Listing during the year ended 30 April 2016.

Finance costs

Our finance costs decreased by 46.8% from approximately HK$0.4 million for the year ended 30 April 2015 to approximately HK$0.2 million for the year ended 30 April 2016 mainly due to the decrease in interest expenses for bank borrowings by approximately HK$0.2 million as we repaid our bank borrowings during the year ended 30 April 2016.

Income tax expenses

Our income tax expenses increased by 150.6% from approximately HK$1.9 million for the year ended 30 April 2015 to approximately HK$4.7 million for the year ended 30 April 2016. Our effective tax rate increased from approximately 19.9% for the year ended 30 April 2015 to approximately 21.3% for the year ended 30 April 2016 mainly due to the increase in Listing expenses incurred during the year ended 30 April 2016, which were non-deductible for tax purposes.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased significantly by 131.0% from approximately HK$7.6 million for the year ended 30 April 2015 to approximately HK$17.5 million for the year ended 30 April 2016. Our net profit margin increased from 5.4% for the year ended 30 April 2015 to 11.0% for the year ended 30 April 2016. In summary, such increase was mainly contributed by the net effect of the following:

(i) increase in revenue by 13.2% from approximately HK$140.3 million for the year ended 30 April 2015 to approximately HK$158.8 million for the year ended 30 April 2016;

(ii) increase in our gross profit margin from 17.5% for the year ended 30 April 2015 to 22.9%, for the year ended 30 April 2016, which led to a significant increase in our gross profit by 47.6% from approximately HK$24.6 million for the year ended 30 April 2015 to approximately HK$36.3 million for the year ended 30 April 2016;

(iii) significant increase in other income by 661.3% from approximately HK$0.4 million for the year ended 30 April 2015 to approximately HK$3.1 million for the year ended 30 April 2016;

(iv) decrease in indirect overhead cost (administrative expenses, selling and distribution expenses and finance costs) by 18.0% from approximately HK$15.2 million for the year ended 30 April 2015 to approximately HK$12.4 million for the year ended 30 April 2016; and partially offset by

(v) the Listing expenses of HK$5.5 million for the year ended 30 April 2016.

Four months ended 31 August 2016 compared to four months ended 31 August 2015

Revenue

Our overall revenue increased by 19.4% from approximately HK$50.0 million for the four months ended 31 August 2015 to approximately HK$59.7 million for the four months ended 31 August 2016. The increase in our revenue was mainly due to (i) the increase in the overall selling price of our apparel products by 4.9% from approximately HK$129.9 for the four months ended 31 August 2015 to HK$136.3 for the four months ended 31 August 2016; and (ii) increase in our total sales volume by 13.8% from approximately 385,000 units for the four months ended 31 August 2015 to approximately 438,000 units for the four months ended 31 August 2016. As discussed in detail under the sub-section headed "Description of selected components of consolidated statements of comprehensive income — Revenue — Revenue analysis in terms of sales volume and selling price" in this section above, the increase in the overall average selling price of our Group was mainly due to the sourcing of more higher value womenswear and childrenswear for our customers for the four months ended 31 August 2016 and the increase sales volume was mainly because we were able to capture the fast growing trend of the online apparel market. Please also refer to sub-section headed "Description of selected components of consolidated statements of comprehensive income — Revenue" for the revenue analysis by product type, customer type, geographical location and sales volume and selling price.

Cost of sales

Our cost of sales increased by 14.3% from approximately HK$40.4 million for the four months ended 31 August 2015 to approximately HK$46.1 million for the four months ended 31 August 2016. The increase in our cost of sales was mainly due to higher fees charged by our Approved Suppliers as our customers demanded and we purchased more higher value womenswear and childrenswear for our customers for the four months ended 31 August 2016, which was partially offset by the benefit that we enjoyed from the general depreciation of RMB against HK$. The average exchange rate of which decreased by 5.6% from approximately HK$1.24 per RMB*(Note)* for the four months ended 31 August 2015 to approximately HK$1.17 per RMB*(Note)* for the four months ended 31 August 2016.

Note: Based on the average daily closing price as of the respective periods as extracted from Bloomberg.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 40.5% from approximately HK$9.6 million for the four months ended 31 August 2015 to approximately HK$13.5 million for the four months ended 31 August 2016. Our gross profit margin increase from 19.3% for the four months ended 31 August 2015 to 22.7% for the four months ended 31 August 2016. The increase in gross profit margin was mainly due to the general depreciation of RMB against HK$ as mentioned above, as a result we were in a better bargaining position to negotiate more favorable terms with our Approved Suppliers that were based in the PRC for the four months ended 31 August 2016. Please also refer to the sub-section headed "Description of selected components of consolidated statements of comprehensive income — Gross profit and gross profit margin" for the gross profit and gross profit margin analysis by product type and customer type.

Other income

Our other income increased by 340.0% from approximately HK$0.2 million for the four months ended 31 August 2015 to approximately HK$1.0 million for the four months ended 31 August 2016. Such increase was mainly due to the increase in service income by approximately HK$0.8 million as we commenced providing consulting services in April 2016.

Other gain and loss, net

Our other gain and loss decreased from a gain of approximately HK$0.4 million for the four months ended 31 August 2015 to a loss of approximately HK$2.5 million for the four months ended 31 August 2016. This was mainly due to the net foreign exchange loss by approximately HK$2.5 million for the four months ended 31 August 2016 mainly from the conversion of GBP denominated trade receivable and bank balances as at 31 August 2016 to HK$ as GBP depreciated against US$ following Brexit.

Administrative expenses

Our administrative expenses increased by 6.9% from approximately HK$1.3 million for the four months ended 31 August 2015 to approximately HK$1.4 million for the four months ended 31 August 2016. This was mainly due to the increase in rent and rates by approximately HK$91,000 as we moved to a new and bigger showroom in the UK in June 2016.

Selling and distribution expenses

Our selling and distribution expenses decreased by 13.7% from approximately HK$2.9 million for the four months ended 31 August 2015 to approximately HK$2.5 million for the four months ended 31 August 2016. This was mainly due to the decrease in staff costs by approximately HK$0.4 million as we have revised the remuneration packages of some of our staff from January 2016 onwards from commission base to bonus base.

Listing expenses

Our Listing expenses increased by approximately HK$5.7 million from approximately HK$0.5 million for the four months ended 31 August 2015 to approximately HK$6.2 million for the four months ended 31 August 2016 as more preparation work for the Listing occurred during the four months ended 31 August 2016.

Finance costs

Our finance costs increased by 18.3% from approximately HK$71,000 for the four months ended 31 August 2015 to approximately HK$84,000 for the four months ended 31 August 2016. This was mainly due to the increase in interest expense from factoring arrangements by approximately HK$29,000 as our Group utilised more factoring arrangements during the four months ended 31 August 2016.

Income tax expenses

Our income tax expenses increased by 54.9% from approximately HK$1.1 million for the four months ended 31 August 2015 to approximately HK$1.6 million for the four months ended 31 August 2016. Our effective tax rate increased from approximately 19.0% for the four months ended 31 August 2015 to approximately 85.1% for the four months ended 31 August 2016. This was mainly due to the increase in Listing expenses incurred during the four months ended 31 August 2016 which were non-deductible for tax purposes.

Profit for the period and net profit margin

As a result of the foregoing, our profit for the four months decreased significantly by 93.6% from approximately HK$4.4 million for the four months ended 31 August 2015 to approximately HK$0.3 million for the four months ended 31 August 2016. Our net profit margin decreased from 8.9% for the four months ended 31 August 2015 to 0.5% for the four months ended 31 August 2016. If excluding the Listing expenses, which is a one-off non-recurring expense, as mentioned in details above, our profit will increase by 31.4% from approximately HK$5.0 million for the four months ended 31 August 2015 to approximately HK$6.5 million for the four months ended 31 August 2016 and our net profit margin will remain relatively stable from approximately 9.9% for the four months ended 31 August 2015 to approximately 10.9% for the four months ended 31 August 2016. In summary, the increase in our profit (excluding Listing expenses) was mainly contributed by the following:

(i) increase in revenue by 19.4% from approximately HK$50.0 million for the four months ended 31 August 2015 to approximately HK$59.7 million for the four months ended 31 August 2016;

(ii) increase in our gross profit margin from 19.3% for the four months ended 31 August 2015 to 22.7% for the four months ended 31 August 2016, which led to a significant increase in our gross profit by 40.5% from approximately HK$9.6 million for the four months ended 31 August 2015 to approximately HK$13.5 million for the four months ended 31 August 2016; and

(iii) significant increase in other income by 340.0% from approximately HK$0.2 million for the four months ended 31 August 2015 to approximately HK$1.0 million for the four months ended 31 August 2016.

LIQUIDITY AND FINANCIAL RESOURCES

Financial resources

Our primary uses of cash are to fund our operations, satisfy our working capital needs and our capital expenditure requirements. During the Track Record Period, our primary sources of finance are mainly from the cash generated from our operations, short-term bank borrowings and funding from our Directors. After the Share Offer, we expect to meet our working capital requirements, liquidity needs and our business development plans from cash generated from our operations, short-term bank borrowings and the additional equity financing.

Cash flow of our Group

The following table is a condensed summary of our consolidated statements of cash flows for the years/periods indicated:

	For the year ended 30 April		For the four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Operating cashflows before movements in working capital	10,446	21,808	5,800	2,069
Net cash generated from operating activities	28,046	19,207	10,649	7,835
Net cash used in investing activities	(14,878)	(1,828)	(1,251)	(1,832)
Net cash used in financing activities	(12,511)	(4,873)	(4,115)	(1,526)
Net increase in cash and cash equivalents	657	12,506	5,283	4,477
Cash and cash equivalents at the beginning of the year/period	2,691	3,348	3,348	15,854
Cash and cash equivalents at the end of the year/period	3,348	15,854	8,631	20,331

Net cash generated from operating activities

Our net cash generated from operating activities for the year ended 30 April 2015 was approximately HK$28.0 million while our profit before tax for the same period was approximately HK$9.5 million. The difference was primarily attributable to the depreciation of property, plant and equipment of approximately HK$0.6 million, which resulted in operating cash flow before movements in working capital of approximately HK$10.4 million. Changes in working capital mainly represented (i) decrease in trade, bills and other receivables by approximately HK$1.0 million; (ii) decrease in inventories by approximately HK$2.0 million; and (iii) increase in trade and other payables by approximately HK$15.5 million.

Our net cash generated from operating activities for the year ended 30 April 2016 was approximately HK$19.2 million while our profit before tax for the same period was approximately HK$22.2 million. The difference was primarily attributable to the gain on disposal of property, plant and equipment of approximately HK$1.4 million, which resulted in operating cash flow before movements in working capital of approximately HK$21.8 million. Changes in working capital mainly represented the net effect of the increase in trade and other payables by approximately HK$6.7 million and the increase in trade, bills and other receivables by approximately HK$9.7 million for the year ended 30 April 2016. Please refer to the subsections headed “Description on major components of statements of financial position — Trade, bills and other receivables” and “Description on major components of statements of financial position — Trade and other payables” below for the reasons for the changes in trade, bills and other receivables and trade and other payables.

Our net cash generated from operating activities for the four months ended 31 August 2016 was approximately HK$7.8 million, whilst our profit before tax for the same period was approximately HK$1.9 million. The difference was primarily attributable to the net effect of the depreciation of property, plant and equipment of approximately HK$91,000, finance costs of approximately HK$84,000, and gain on disposal of property, plant and equipment of approximately HK$15,000, which resulted in operating cash flow before movements in working capital of approximately HK$2.1 million. Changes in working capital mainly represented the net effect of the increase in trade and other payables of approximately HK$6.4 million and the increase in inventories of approximately HK$1.1 million.

Net cash used in investing activities

Our net cash used in investing activities for the year ended 30 April 2015 was approximately HK$14.9 million, which was primarily attributable to (i) net advance to Mr. Charles Choi of approximately HK$12.2 million; and (ii) net advances to related parties of approximately HK$2.6 million.

Our net cash used in investing activities for the year ended 30 April 2016 was approximately HK$1.8 million, which was primarily attributable to (i) advance to Mr. Charles Choi of approximately HK$2.7 million; and partially offset by (ii) proceeds from disposal of a motor vehicle of approximately HK$1.7 million for the year ended 30 April 2016.

Our net cash used in investing activities for the four months ended 31 August 2016 was approximately HK$1.8 million, which was primarily attributable to the purchase of property, plant and equipment of approximately HK$2.0 million whereby our Company bought a car park in July 2016 which was partially offset by the proceeds from the disposal of property, plant and equipment of approximately HK$0.2 million for the four months ended 31 August 2016.

Net cash used in financing activities

Our net cash used in financing activities for the year ended 30 April 2015 was approximately HK$12.5 million, which was primarily attributable to (i) net repayments of bank borrowings of approximately HK$4.0 million; (ii) repayment to Mr. Charles Choi of approximately HK$10.2 million; and partially offset by (iii) net advance from Mr. Benny Choi of approximately HK$2.1 million.

Our net cash used in financing activities for the year ended 30 April 2016 was approximately HK$4.9 million, which was primarily attributable to (i) net repayments of bank borrowings of approximately HK$3.0 million; and (ii) net repayment to related parties and Mr. Benny Choi of approximately HK$0.8 million and HK$0.7 million, respectively.

Our net cash used in financing activities for the four months ended 31 August 2016 was approximately HK$1.5 million, which was primarily attributable to the net repayment to a Director of approximately HK$1.4 million.

NET CURRENT ASSETS

The following table sets forth a breakdown of our current assets, current liabilities, and net current assets as at the dates indicated:

	For the year ended 30 April		As at 31 August	As at 31 December
	2015	2016	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT ASSETS				
Inventories	2,464	1,812	2,891	5,585
Trade, bills and other receivables	16,528	26,530	26,062	23,673
Amount due from immediate holding company	–	9	–	–
Amounts due from a related party	9	9	–	–
Amount due from the shareholder	2,831	–	–	–
Amount due from ultimate holding company	–	–	–	8
Bank balances and cash	3,348	15,854	20,331	12,323
	25,180	44,214	49,284	41,589
CURRENT LIABILITIES				
Trade and other payables	5,453	12,190	18,567	9,890
Amounts due to related parties	783	–	–	–
Amount due to the shareholder	10	10	–	–
Amount due to a director	2,123	1,432	–	–
Bank borrowings	3,000	–	–	–
Obligation under a finance lease	59	–	–	343
Tax payables	1,909	6,375	8,009	5,663
	13,337	20,007	26,576	15,896
NET CURRENT ASSETS	11,843	24,207	22,708	25,693

Our net current assets increased from approximately HK$11.8 million as at 30 April 2015 to approximately HK$24.2 million as at 30 April 2016. Such increase was mainly due to (i) the increase in trade, bills and other receivables by approximately HK$10.0 million; (ii) the increase in bank balances and cash by approximately HK$12.5 million due to the increase in operating cashflow; as partially offset by (iii) an increase in trade and other payables of approximately HK$6.7 million; and (iv) increase in tax payables of approximately HK$4.5 millon. Please refer to the subsection headed "Description on major components of statements of financial position" below for details on the fluctuations in trade, bills and other receivables and trade and other payables.

As at 31 August 2016, our Group recorded net current assets of approximately HK$22.7 million, which remained relatively stable compared to that as at 30 April 2016. This was mainly due to (i) the increase in trade and other payables by approximately HK$6.4 million, which was in turn mainly due to relatively more payments being paid to settle trade payables than payments being collected from trade receivables, and (ii) the increase in tax payables by approximately HK$1.6 million, and partially offset by (iii) the increase in bank balances and cash by approximately HK$4.5 million.

Our net current assets increased from approximately HK$22.7 million as at 31 August 2016 to approximately HK$25.7 million as at 31 December 2016. Such increase was mainly due to the net effect of the decrease in bank balances and cash by approximately HK$8.0 million and the decrease in trade and other payables by approximately HK$8.7 million, which was mainly a result of settlement of trade payables during the period.

DESCRIPTION ON MAJOR COMPONENTS OF STATEMENTS OF FINANCIAL POSITION

Inventories

During the Track Record Period, our inventories comprised of finished goods manufactured by our Approved Suppliers. Such inventories represent the goods in transit for our customers as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively. It is our policy that we do not maintain any inventory.

Trade, bills and other receivables

The following table sets out the breakdown of our trade, bills and other receivables as at the dates indicated:

	For the year ended 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	11,653	14,284	21,111
Bills receivables	4,291	1,638	588
Other receivables	584	10,608	4,363
Total trade, bills and other receivables	16,528	26,530	26,062

During the Track Record Period, our trade receivables primarily represented the outstanding amounts receivable from our customers who have been granted with credit periods; our bills receivables represented the outstanding amounts receivable from our customers' custodian banks; and other receivables mainly represented rentals and purchase of materials on behalf of one of the Approved Suppliers.

Our trade, bills and other receivables increased by approximately HK$10.0 million, or 60.5%, from approximately HK$16.5 million as at 30 April 2015 to approximately HK$26.5 million as at 30 April 2016. Such increase was mainly due to (i) increase in trade receivables from approximately HK$11.7 million as at 30 April 2015 to approximately HK$14.3 million as at 30 April 2016 which was in line with the increase of our revenue; (ii) and increase in other receivables from approximately HK$0.6 million as at 30 April 2015 to approximately HK$10.6 million as at 30 April 2016 primarily due to (a) during the Track Record Period, as agreed between our Group and KC Shenzhen, we, from time to time, made payments directly to certain suppliers of KC Shenzhen at its instruction, the amount of which was approximately HK$7.5 million as at 30 April 2016. Such balance was to be treated as deposit for purchase of goods by our Group and was to be subsequently offset through future purchases from KC Shenzhen ("**Deposit for KC**"). As at the Latest Practicable Date, all of such balance as at 30 April 2016 has been offset from the purchase from KC Shenzhen; and (b) deferred listing expenses of approximately HK$1.6 million was noted for the year ended 2016; and partially offset by (iii) the decrease in bills receivable from approximately HK$4.3 million as at 30 April 2015 to approximately HK$1.6 million as at 30 April 2016. Our trade, bills and other receivables of HK$16.5 million and HK$26.5 million as at 30 April 2015 and 30 April 2016, respectively, accounted for approximately 11.8% and approximately 16.7% of our total revenue in the same period, respectively.

Our trade, bills and other receivables remained relatively stable, which decreased slightly from approximately HK$26.5 million as at 30 April 2016 to approximately HK$26.1 million as at 31 August 2016. This was mainly due to the net effect of (i) increase in trade and bills receivables from approximately HK$15.9 million as at 30 April 2016 to approximately HK$21.7 million as at 31 August 2016 which was in line with the increase in our revenue; and (ii) decrease in other receivables from approximately HK$10.6 million as at 30 April 2016 to approximately HK$4.4 million as at 31 August 2016 as the amount of the Deposit for KC, as mentioned above, decreased from approximately HK$7.5 million as at 30 April 2016 to approximately HK$0.5 million as at 31 August 2016 whereby most of such balance of the Deposit for KC as at 30 April 2016 was offset by the purchase from KC Shenzhen during the four months ended 31 August 2016.

Ageing analysis of trade and bills receivables

The following table sets out the ageing analysis of our trade and bills receivables based on the invoice dates at the end of each reporting period, which approximate the revenue recognition dates:

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within 60 days	11,840	12,066	18,279
61 to 180 days	2,892	2,430	2,590
181 to 365 days	1,149	947	207
Over 365 days	63	479	623
Total trade and bills receivables	15,944	15,922	21,699

As at 31 December 2016, approximately 95.8% of our trade and bills receivable balances as at 31 August 2016 have been settled.

We closely monitor the credit quality of trade and bill receivables and consider the debts that are neither past due nor impaired to be of a good credit quality. Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no history of default.

Our trade receivables balance are debtors with aggregate carrying amounts of approximately HK$4.6 million, HK$3.7 million and HK$5.2 million as at 30 April 2015 and 30 April 2016 and 31 August 2016, respectively, which are past due at the end of the relevant year end for which we have not provided for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. We do not hold any collateral over these balances.

The following table sets out the ageing analysis of our trade receivables that are past due but not impaired:

	At 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Overdue by:			
1 to 60 days	3,363	2,620	3,005
61 to 180 days	36	330	1,974
181 to 365 days	1,150	264	4
Over 365 days	55	477	624
	4,604	3,691	5,607

During the Track Record Period, we generally offer a credit period of up to 60 days to our customers and up to 90 days for one of our largest customers. For some customers, our Group requests deposit payment and demand for full settlement upon delivery of goods. The following table sets out our trade and bills receivables' turnover days for the Track Record Period:

	For the year ended 30 April		For the four months ended 31 August
	2015	**2016**	**2016**
Trade and bills receivables' turnover days	31	37	39

Our trade and bills receivables' turnover days is calculated based on the average of the ending balance of trade and bills receivable of a given year/period and that of its corresponding year divided by revenue of the given year/period, and multiplied by the number of days in the given year/period. Our trade and bills receivables' turnover days were 31 days, 37 days and 39 days as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively, which remain stable and were within the credit terms of up to 60 days we generally offered to our customers and up to 90 days we offered to our largest customer.

Trade and other payables

The following table sets forth our trade and other payables as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively:

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	2,627	7,812	7,120
Deposits received from customers	1,072	886	790
Accrued expenses	1,038	3,218	10,313
Receipt in advance from customers	342	96	97
Others	374	178	247
Total trade and other payables	5,453	12,190	18,567

During the Track Record Period, our trade payable mainly represented the outstanding amounts payables to our Approved Suppliers; our deposits received from customers mainly represented the deposits proportional to the sales amounts to certain customers according to the corresponding credit terms; our accrued expenses mainly represented the accrued listing expenses and logistic expenses and our receipt in advance from customers mainly represented the over-payment from certain customers during the normal course of business operations.

Our trade and other payables increased by approximately HK$6.7 million, or 123.5%, from approximately HK$5.5 million as at 30 April 2015 to approximately HK$12.2 million as at 30 April 2016. This was primarily due to (i) the increase of trade payables from approximately HK$2.6 million as at 30 April 2015 to approximately HK$7.8 million as at 30 April 2016 primarily because we have better utilised credit terms offered by our new Approved Suppliers to maintain a better cash position; (ii) the increase of accrued expenses from approximately HK$1.0 million as at 30 April 2015 to approximately HK$3.2 million as at 30 April 2016 primarily due to the accrued Listing expenses of approximately HK$2.6 million for the year ended 30 April 2016.

Our trade and other payables increased by approximately HK$6.4 million, or 52.3%, from approximately HK$12.2 million as at 30 April 2016 to approximately HK$18.6 million as at 31 August 2016. This was primarily due to the net effect of (i) the increase of accrued expenses from approximately HK$3.2 million as at 30 April 2016 to approximately HK$10.3 million as at 31 August 2016 as accrued Listing expenses increased from approximately HK$2.6 million as at 30 April 2016 to approximately HK$9.3 million as at 31 August 2016 resulting primarily from the Listing expenses of approximately HK$6.3 million being recorded for the four months ended 31 August 2016, which was partially offset by (ii) the decrease of trade payables from approximately HK$7.8 million as at 30 April 2016 to approximately HK$7.1 million as at 31 August 2016 resulting primarily from the account payables to one of our top five suppliers decreasing from approximately HK$3.7 million as at 30 April 2016 to approximately HK$2.8 million as at 31 August 2016.

Ageing analysis of trade payables

An ageing analysis of our trade payables based on the invoice date as at 30 April 2015, 30 April 2016 and 31 August 2016 is as follows:

	As at 30 April 2015	As at 30 April 2016	As at 31 August 2016
	HK$'000	*HK$'000*	*HK$'000*
Within 60 days	2,627	6,488	6,902
61 to 180 days	–	1,157	95
181 to 365 days	–	139	123
Over 365 days	–	28	–
Total trade payable	2,627	7,812	7,120

Trade payables turnover days

During the Track Record Period, our Group was offered credit periods generally ranging from 30 days to 90 days. The following table sets out the trade payables turnover days as at 30 April 2015, 30 April 2016 and 31 August 2016:

	For the year ended 30 April 2015	For the year ended 30 April 2016	For the four months ended 31 August 2016
Trade payables turnover days	24	16	20

Trade payables turnover days is calculated based on the average of the ending balance of trade payables of a given year/period and that of its corresponding previous year/period, divided by the cost of sales for the given year/period and multiplied by the number of days in the given year/period.

Our trade payables turnover days were approximately 24 days, approximately 16 days and approximately 20 days as at 30 April 2015, 30 April 2016 and 31 August 2016, which were within the credit terms granted to our Group by our suppliers of 60 days in general and up to 90 days. Despite we have better utilised the credit terms offered by our new Approved Suppliers for the year ended 30 April 2016 as mentioned above, the trade payable turnover days had decreased from 24 to 16 during the years ended 30 April 2015 and 30 April 2016. Such decrease was mainly due to a relatively high trade payable balance as at 30 April 2014, which led to a relatively higher trade payable turnover days for the year ended 30 April 2015. The trade payable turnover days had increased from 16 days to 20 days during the four months ended 31 August 2016 as the trade payable balance as at 30 April 2015 was relatively low compared to that as at 30 April 2016 and 31 August 2016, which led to a relatively higher trade payable turnover days for the four months ended 31 August 2016.

Our Directors confirmed that we had not materially defaulted or delayed in payment of our trade payables during the Track Record Period and up to the Latest Practicable Date.

As at 31 December 2016, approximately 99.5% of our trade payable balances as at 31 August 2016 were subsequently settled.

Amounts due from/to immediate holding company, related parties, the shareholder and a director

Our Group's amounts due from (to) immediate holding company/related parties/the shareholder/a director which are non-trade nature are denominated in HK$, interest-free, unsecured and repayable on demand.

	At 30 April		At 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from immediate holding company			
JC International	–	9	–
Amounts due from a related party			
JC FCL *(Note 1)*	9	9	–

The amount due from JC FCL and JC International were fully subsequently settled as at the Latest Practicable Date.

	At 30 April		At 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from the shareholder			
Mr. Charles Choi	2,831	–	–

	At 30 April		At 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Amount due to a director			
Mr. Benny Choi	2,123	1,432	–
Amounts due to related parties			
Wintako Company Limited *(Note 1)*	7	–	–
KC Shenzhen *(Note 2)*	776	–	–
	783	–	–
Amount due to the shareholder			
Mr. Charles Choi	10	10	–

The amount due to Mr. Benny Choi and Mr. Charles Choi were fully repaid as at the Latest Practicable Date.

Notes:

1. A close family member of Mr. Charles Choi is the director and also has significant influence over this company.

2. Ms. Kate Tang, spouse of Mr. Charles Choi, was the director and also the controlling shareholder of this company and it has been disposed to an Independent Third Party in July 2015.

Tax payables

Tax payables increased by approximately 233.9% to approximately HK$6.4 million as at 30 April 2016 from approximately HK$1.9 million as at 30 April 2015. Such increase was in line with the increase in our Group's profit before taxation. Tax payables increased by approximately 25.6% to approximately HK$8.0 million as at 31 August 2016 from approximately HK$6.4 million as at 30 April 2016. Such increase was in line with our overall business growth.

INDEBTEDNESS

The following table sets forth our outstanding indebtedness amounts as of the dates indicated.

	As at 30 April 2015	As at 30 April 2016	As at 31 August 2016	As at 31 December 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a director				
Mr. Benny Choi	2,123	1,432	–	–
Amount due to related parties				
Wintako Company Limited	7	–	–	–
KC Shenzhen	776	–	–	–
Subtotal	783	–	–	–
Amount due to the shareholder				
Mr. Charles Choi	10	10	–	–
Bank borrowings – unsecured and guaranteed				
Variable-rate	3,000	–	–	–
Obligation under a finance lease – secured and unguaranteed*				
Within one year	59	–	–	343
Between 1 to 5 years	149	–	–	505
Subtotal	208	–	–	848
	6,124	1,442	–	848

* Our Group's finance lease obligation is secured by our Group's motor vehicle.

As at 30 April 2015, our bank borrowings represented variable-rate loans of approximately HK$3.0 million, which were denominated in HK$ and were repayable within one year subject to a repayable on demand clause. Variable-rate bank borrowings bear interest at a premium over Hong Kong Interbank Offered Rate. As at 31 December 2016, being the latest practicable date for the purpose of this indebtedness statement, the total indebtedness of our Group was HK$0.8 million. We may raise external debt financing to acquire the property for the setting up of a flagship showroom in Hong Kong. We intend to use HK$15.0 million of our proceeds from the Share Offer to finance the acquisition and the remaining portion of the acquisition price will be financed by way of internal resources and/or mortgage loan. We have not decided on the amount of the mortgage loan as this will depend on a number of factors, including the value of the property that we will acquire and our cash position at the time of the acquisition. As the mortgage loan is expected to be obtained from banks or other financial institutions, we expect that we will be able to obtain such loan on terms that are acceptable to us. We believe that the ongoing mortgage loan repayments will not create a material adverse effect on our cash position and liquidity. For details of our plan to set up our flagship showroom in Hong Kong, please refer to the section headed "Business — Business strategies — Further strengthening the relationships with our existing customers and developing relationships with new customers, including setting up a flagship showroom in Hong Kong" in this prospectus.

The effective interest rate (which is also equal to contracted interest rate) on our Group's borrowings as at 30 April 2015 is 2.39% per annum.

During the Track Record Period, the banking facilities were personally guaranteed by Mr. Charles Choi and his family. The banking facilities were mainly utilised for working capital purposes. Our Directors confirm that the above personal guarantees will be released and replaced by the corporate guarantees executed by our Group upon the Listing. The amount of facilities utilised by our Group amounted to HK$3,000,000, nil and nil as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively. As at 31 December 2016, the amount of utilised and unutilised banking facility was nil and HK$10.0 million, respectively.

Our banking facilities are subject to standard banking conditions and not subject to fulfilment of covenants relating to the financial ratio requirements or any other material covenants which could adversely affect our Group's ability to undertake additional debt or equity financings.

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

Our Directors confirmed that we had not defaulted or delayed in any payment or breached any of the material covenants pertaining to our bank borrowing during the Track Record Period and up to the Latest Practicable Date.

We confirm that as at the date of this prospectus, we have not decided to raise any material external debt financing, other than those already discussed in this section.

Contingent liabilities

As at the Latest Practicable Date, we were not aware of any pending or potential material legal proceedings involving our Group, or to our Directors' knowledge, threatened against us which could have a material adverse effect on our business or operations.

Save as disclosed above or as otherwise disclosed herein, our Group did not have any outstanding loan capital issued and outstanding, and authorised or otherwise created but unissued, terms loans, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, other finance lease commitments, borrowings and debt, mortgages, charges, guarantees or other material contingent liabilities at the Latest Practicable Date. We confirm that, other than as disclosed under "Indebtedness" in this section, there had been no material change in our indebtedness since 31 August 2016 up to the Latest Practicable Date.

COMMITMENTS

Capital expenditure

During the Track Record Period, our capital expenditure principally consisted of purchase of furniture and fixture and leasehold improvement. The table below sets out our capital expenditure during the period indicated:

	For the year ended 30 April		For the four months ended 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Leasehold property	–	–	2,000
Furniture and fixture	36	16	–
Leasehold improvement	65	450	–
Motor vehicle	250	–	–
Total	351	466	2,000

The amount of capital expenditure remained relatively stable at approximately HK$0.4 million and HK$0.5 million for the years ended 30 April 2015 and 30 April 2016, respectively. The amount of capital expenditure increased to approximately HK$2.0 million for the four months ended 31 August 2016 due to the purchase of a car park during the period.

Capital commitments

We had no material capital commitments as at 30 April 2015, 30 April 2016 and 31 August 2016.

Operating lease arrangement

As lessee

Our operating lease payments represent rentals payable by our Group for the offices and staff quarter. These leases are negotiated for terms ranging from two to three years with fixed monthly rental. None of the leases includes contingent rentals.

For the Track Record Period, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	292	407	336
In the second to fifth years inclusive	255	74	525
Total	547	481	861

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any material off-balance sheet arrangement.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, after due and careful enquiry and taking into account the financial resources available to us, including internally generated funds, the available banking facilities and the estimated net proceeds from the Share Offer, our Group has sufficient working capital to satisfy the present requirements for our current operation and planned expansion, for at least the next 12 months from the date of this prospectus.

RELATED PARTY BALANCES AND TRANSACTIONS

During the Track Record Period, we had certain related party transactions. These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors confirmed that all related party transactions during the Track Record Period were conducted in the ordinary course of business and on normal commercial terms. These related party transactions did not distort our results of operations for the Track Record Period and will be discontinued after the Listing.

For more information on our related party transactions, please see note 32 to our consolidated financial statements included in the section headed "Accountants' Report" in Appendix I to this prospectus.

LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consist of legal and professional fees in relation to the Listing, the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the Offer Price of HK$5.25 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, the Listing expenses to be borne by our Company are estimated to be approximately HK$21.7 million. During the Track Record Period, we recognised Listing expenses of approximately HK$5.5 million and approximately HK$6.2 million in the consolidated statements of profit or loss and other comprehensive income for the year ended 30 April 2016 and the four months ended 31 August 2016, respectively, and approximately HK$5.9 million will be accounted for as deduction from equity upon the Listing and HK$10.3 million will be recognised as expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2017.

Although the total Listing expenses are estimated to be approximately HK$21.7 million, only the underwriting commission and related expenses of approximately HK$1.3 million, representing 3.1% of the gross proceeds of HK$42.0 million from the Share Offer, will be settled by the gross proceeds from the Share Offer. The remaining Listing expenses of HK$20.4 million will be settled by internal funding of our Group.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 8 October 2015. There were no distributable reserves of our Company available for distribution to our Shareholders as at 31 August 2016.

PROFIT DISTRIBUTION

During the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, except for the dividend mentioned below, we had not made any profit distribution.

DIVIDENDS

Our Company declared interim dividends of HK$5.5 million and nil to JC International after the Reorganisation out of the distributable profit for the year ended 30 April 2016 and the four months ended 31 August 2016, respectively. As approved by our Board, JC BVI and JC HK, the distribution of interim dividend was offset with the amount due from Mr. Charles Choi. Therefore, no cash was paid for such dividend declared during the year ended 30 April 2016 and the four months ended 31 August 2016.

We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant.

KEY FINANCIAL RATIOS

		Year ended 30 April		Four months ended/As at 31 August
		2015	**2016**	**2016**
Current ratio	*1*	1.9 times	2.2 times	1.9 times
Quick ratio	*2*	1.7 times	2.1 times	1.7 times
Gearing ratio	*3*	25.3%	N/A	N/A
Return on equity	*4*	59.9%	58.0%	N/A
Return on assets	*5*	28.9%	39.2%	N/A

1. Current ratio is calculated by dividing total current assets by total current liabilities as of the end of the year.

2. Quick ratio is calculated by dividing current assets (net of inventories) by total current liabilities as of the end of the year.

3. Gearing ratio is calculated by dividing total debts by total equity as of the end of the year. Our total debts include bank borrowings and obligations under finance lease.

4. Return on equity is calculated by dividing profit by total equity as of the end of the year (adjusting for dividend declared during the year) and multiplying the resulting value by 100%.

5. Return on assets is calculated by dividing profit by total assets as of the end of the year and multiplying the resulting value by 100%.

Current ratio

Our current ratio increased from approximately 1.9 times as at 30 April 2015 to approximately 2.2 times as at 30 April 2016, respectively. Our current ratio decreased from approximately 2.2 times as at 30 April 2016 to approximately 1.9 times as at 31 August 2016. Please refer to "Description on major components of statements of financial position" above in this section for further details of changes in our current assets and current liabilities during the Track Record Period.

Quick ratio

As our Group did not have any significant amount of inventories during the Track Record Period, our quick ratio was similar to current ratio.

Gearing ratio

Our gearing ratio was approximately 25.3% as at 30 April 2015. No gearing ratio was calculated as at 30 April 2016 and 31 August 2016 because our bank borrowings and obligations under finance lease were fully repaid during the year ended 30 April 2016.

Return on equity

Return on equity remained relatively stable from approximately 59.9% for the year ended 30 April 2015 to approximately 58.0% for the year ended 30 April 2016, as the increase in our net profit of approximately 131.0% from HK$7.6 million for the year ended 30 April 2015 to HK$17.5 million for the year ended 30 April 2016, was similar to the increase in our equity (adjusting for the dividend of HK$5.5 million declared during the year ended 30 April 2016) of approximately 138.3% from approximately HK$12.7 million as at 30 April 2015 to approximately HK$30.2 million as at 30 April 2016.

Return on assets

Return on assets increased from approximately 28.9% for the year ended 30 April 2015 to 39.2% for the year ended 30 April 2016, primarily due to the increase in our net profit of approximately 131.0% from HK$7.6 million for the year ended 30 April 2015 to HK$17.5 million for the year ended 30 April 2016, which outweighed the increase in our total assets of approximately 70.5% from approximately HK$26.2 million as at 30 April 2015 to approximately HK$44.7 million as at 30 April 2016.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Our Group's major financial instruments include trade, bills and other receivables, amounts due from immediate holding company/a related party/the shareholder, bank balances and cash, trade and other payables, amounts due to related parties/the shareholder/a director and bank borrowings. Details of these financial instruments are disclosed in the 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

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

Foreign currency risk

The carrying amounts of our 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		
	At 30 April		As at 31 August	At 30 April		As at 31 August
	2015	2016	2016	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
HK$	5,800	13,978	2,823	9,107	10,318	8,157
GBP	5,732	14,659	19,150	–	–	–

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

Based on Appendix I's sensitivity analysis in the foreign currency risk exposure, 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.

In addition, although our invoices to our Approved Supplier are mainly denominated in HK$, which is pegged to US$, our profitability may be affected by the exchange rate fluctuation between HK$ and RMB, which would affect our bargaining position to negotiate more favourable terms with our Approved Suppliers that were based in the PRC. As such, the exchange rate fluctuation between HK$ and RMB may have a direct impact our cost of sales, the sensitivity analysis of which is set out under "Sensitivity analysis — Cost of sales" in this section below.

Credit risk

Our Group's maximum exposure to credit risk which will cause a financial loss to our 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 statements of financial position of our Group.

In order to minimise the credit risk, management of our Company have delegated a team responsible for 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, our Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that our Group's credit risk is significantly reduced.

As at 30 April 2015, 30 April 2016 and 31 August 2016, our Group has concentration of credit risk as 25.0%, 26.6% and 51.2%, respectively of the total trade and bills receivable was due from our Group's largest debtor. Our Group's concentration of credit risk on the top five largest debtors accounted for 78.0%, 77.0% and 87.0% of the total trade and bills receivables as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively. The management of our Group considered the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

Our directors of our Company consider that the credit risk on amounts due from immediate holding company/a related party/the shareholder is limited because they regularly monitor the financial position of these related parties through involvement in their management and operations. In addition, advances are only made to related parties having a good financial standing.

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

Liquidity risk

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

SENSITIVITY ANALYSIS

Cost of sales

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of sales on our gross profit for the years during the Track Record Period, as represented by changes in cost of sales assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 5.0% and 10.0% during the Track Record Period, which we believe is reasonable and commensurate with the historical fluctuation of our Group's cost of sales.

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Cost of sales changes	Gross profit	Change in gross profit	Gross profit	Change in gross profit	Gross profit	Change in gross profit	Gross profit	Change in gross profit
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
+10.0%	13,047	-47.0	24,087	-33.7	5,607	-41.9	8,931	-34.1
+5.0%	18,830	-23.5	30,212	-16.9	7,624	-20.9	11,238	-17.0
0	24,614	0	36,337	0	9,642	0	13,545	0
-5.0%	30,398	23.5	42,462	16.9	11,660	20.9	15,852	17.0
-10.0%	36,181	47.0	48,587	33.7	13,678	41.9	18,159	34.1

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, cost of sales amounted to approximately HK$115.7 million, HK$122.5 million and HK$46.1 million, respectively, representing approximately 82.5%, 77.1% and 77.3% of our Group's total revenue for the respective years.

Average selling price

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in average selling price on our gross profit during the Track Record Period, as represented by changes in average selling price assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 10.0% and 20.0% during the Track Record Period, which our Directors believe is reasonable and commensurate with the historical fluctuation of our Group's average selling price.

	For the year ended 30 April				For the four months ended 31 August			
	2015		2016		2015		2016	
Average selling price changes	Gross profit	Change in gross profit	Gross profit	Change in gross profit	Gross profit	Change in gross profit	Gross profit	Change in gross profit
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
+20.0%	52,671	114.0	68,105	87.4	19,641	103.7	25,482	88.1
+10.0%	38,643	57.0	52,221	43.7	14,642	51.9	19,513	44.1
0	24,614	0	36,337	0	9,642	0	13,545	0
-10.0%	10,586	-57.0	20,453	-43.7	4,642	-51.9	7,577	-44.1
-20.0%	(3,443)	-114.0	4,569	-87.4	-357	-103.7	1,608	-88.1

For the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016, our average selling price were approximately HK$117.4, HK$136.8 and HK$136.3, respectively.

Our business is dependent on our ability to source the apparel products we procured for our customers from the Approved Suppliers and our financial performance is, to certain extent, sensitive to price fluctuation of the fee charged by the Approved Suppliers as well as the selling price we charged to our customers. As discussed in detail under the section headed "Business — Pricing strategy" in this prospectus, we believe our pricing strategy is an effective means to prevent cost-overrun as we charge our customers based on a mark-up of the production cost of the apparel products agreed between us and the selected Approved Supplier.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with Rules 7.31 of the GEM Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of our Group as at 31 August 2016 as if the Share Offer had taken place on 30 April 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 31 August 2016 or at any future dates following the Share Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible assets of our Group as at 31 August 2016 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of our Group as at 31 August 2016	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 August 2016**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 August 2016 per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$4.75 per Offer Share	24,945	27,805	52,750	1.65
Based on Offer Price of HK$5.75 per Offer Share	24,945	35,485	60,430	1.89

Notes:

1. The audited consolidated net tangible assets of our Group as at 31 August 2016 is based on the consolidated net assets of our Group amounted to HK$24,945,000, extracted from the Accountants' Report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on 8,000,000 Offer Shares to be issued at Offer Price of HK$4.75 and HK$5.75 per Offer Share, respectively, being the lower and higher end of the indicated Offer Price range, after deduction of the estimated underwriting fees and other related expense (excluding approximately HK$11.7 million of listing expenses accounted for as expense up to 31 August 2016).

3. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group as of 31 August 2016 to reflect any trading result or other transactions of our Group entered into subsequent to 31 August 2016.

4. The unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 August 2016 per Share has been arrived at after making the adjustments referred to the above and on the basis of 32,000,000 Shares that would be in issue assuming that the completing of Share Offer and the Capitalisation Issue have been completed on 31 August 2016.

DISCLOSURE REQUIRED UNDER RULE 17.15 TO RULE 17.21 OF THE GEM LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 17.15 to Rule 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

As disclosed in this section and the sub-sections headed "Listing expenses" and "Foreign currency exposure" above, the net profit of our Group for the year ending 30 April 2017 is expected to be affected by the estimated expenses in relation to the Listing and foreign exchange losses on GBP. Our Directors have confirmed that saved as disclosed in this section and the sub-sections headed "Listing expenses" and "Foreign currency exposure" above, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 August 2016, the end of the period reported in the Accountants' Report as set out in Appendix I to this prospectus, and there has been no event since 31 August 2016 which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus.

BUSINESS OBJECTIVES AND BUSINESS STRATEGIES

Please refer to the section headed "Business — Our business strategies" in this prospectus for further details.

IMPLEMENTATION PLANS

In order to implement the business objectives and strategies as described above, set forth below are the implementation plans of our Group for each of the six-month periods from the Latest Practicable Date until 31 October 2020. It should be noted that the implementation plans are formulated on bases and assumptions which are subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this prospectus.

	From the Latest Practicable Date to 31 October 2017	For the six months ending 30 April 2018	31 October 2018	30 April 2019	31 October 2019	30 April 2020	31 October 2020	Total amount to be funded by net proceeds from the Share Offer
	(HK$ million)							
(1) Further strengthening the relationships with our existings customers and developing relationships with new customers								
Acquiring a premises for the setting up of a flagship showroom in Hong Kong	15.0	–	–	–	–	–	–	15.0
Decoration of the newly acquired premises in Hong Kong	2.9	–	–	–	–	–	–	2.9
Building an online platform with the assistance from external technology advisor	2.1	0.9	–	–	–	–	–	3.0
Frequently visiting our existing customers to strengthen our business relationship	0.2	0.2	0.2	0.2	0.2	0.2	–	1.2
Frequently participating in global sales conference to strengthen our business relationship with potential customers	0.2	0.2	0.2	0.2	0.2	0.2	–	1.2
Recruitment of one sales manager in Hong Kong	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.2
Recruitment of one sales executive in the UK	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.7
(2) Further strengthening our design and development capabilities to enhance our business model								
Recruitment of three designers in Hong Kong	0.2	0.4	0.4	0.4	0.5	0.4	0.1	2.2
Recruitment of one designer in the UK	0.2	0.2	0.2	0.2	0.2	0.2	0.0	1.4
Engagement of one design consultant in the UK	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.7
(3) Expanding the geographical base of the third-party suppliers and diversify our supplier base								
Leasing of a new office for the setting up of a sourcing office in the PRC	0.4	0.1	0.1	0.1	0.1	0.1	0.0	1.0
Recruitment of one sourcing manager in Hong Kong	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.8
Recruitment of four sourcing executives in the PRC	0.2	0.2	0.2	0.2	0.2	0.2	0.0	1.4

	From the Latest Practicable Date to 31 October 2017	For the six months ending 30 April 2018	31 October 2018	30 April 2019	31 October 2019	30 April 2020	31 October 2020	Total amount to be funded by net proceeds from the Share Offer
				(HK$ million)				
Recruitment of two quality controllers in the PRC	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Recruitment of one garment technician in Hong Kong	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.9
(4) Enhancing our corporate image to attract customer attention								
Participating trade shows to approach potential customers and explore new business opportunities	0.4	0.4	0.4	0.4	0.8	0.0	–	2.4
(5) General working capital and other general corporate uses	1.0	1.0	1.0	1.0	–	–	–	4.0
	23.5	**4.5**	**3.6**	**3.9**	**2.9**	**2.1**	**0.2**	**40.7**

BASES AND ASSUMPTIONS

Potential investors should note the attainability of our Group's business objectives depends on a number of assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong, China and the UK or in any other places in which any member of our Group carries on its business or will carry on its business;
- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our Group's business relationship with our Group's existing strategic and business partners;
- there will be no significant changes in our Group's business relationship with our customers or suppliers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the sub-section headed "Implementation plans" in this section; and

- our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

REASONS FOR THE SHARE OFFER AND THE USE OF PROCEEDS

We believe that the Share Offer will enhance our profile, strengthen our industry competitiveness and financial position, and provide us with additional working capital to implement our future plans set out in this prospectus. The net proceeds from the issue of new Shares under the Share Offer are estimated to be approximately HK$40.7 million, after deducting the underwriting commission and related expenses of approximately HK$1.3 million, paid and payable by our Company from the gross proceeds from the Share Offer of approximately HK$42.0 million, and based on the Offer Price of HK$5.25 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus. Except for the underwriting commission and related expenses, none of the Listing expenses will be settled by the gross proceeds from the Share Offer. If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$5.75 per Offer Share, the net proceeds will increase by approximately HK$3.8 million. If the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK$4.75 per Offer Share, the net proceeds will decrease by approximately HK$3.8 million.

We intend to apply the net proceeds in the following manner from the Share Offer as follows:

- approximately 61.9% of the net proceeds or approximately HK$25.2 million, for further strengthening the relationships with our existing customers and developing relationships with new customers (included in this amount is the HK$17.9 million for the acquisition and decoration of a flagship showroom in Hong Kong);

- approximately 10.6% of the net proceeds or approximately HK$4.3 million, for further strengthening our design and development capabilities to enhance our business model;

- approximately 11.7% of the net proceeds or approximately HK$4.8 million, for expanding the geographical base of the third-party suppliers and diversify our supplier base;

- approximately 6.0% of the net proceeds or approximately HK$2.4 million, for enhancing our corporate image to attract customer attention; and

- approximately 9.9% of the net proceeds or approximately HK$4.0 million, will be used as general working capital and other general corporate uses of our Group.

To the extent that our net proceeds are either more or less than expected, for instance, in the event that the Offer Price is set at the high-end of the indicative Offer Price range or the Offer Price is set at the low-end of the indicative Offer Price range, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

According to the current estimates, our Group expects that the net proceeds from the issue of new Shares under the Share Offer in the sum of approximately HK$40.7 million will be sufficient to finance the implementation our Group's current future plans up to 30 June 2020. In the event that the net proceeds from the Share Offer are insufficient to finance the expenditure as mentioned above, the shortfall will be financed by the internal resources of our Group.

To the extent that the net proceeds from the Share Offer are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts with licenced banks and/or authorised financial institutions in Hong Kong so long as it is in our interest. Any deficiency in funding for the above-mentioned projects will be financed through internal funds and/or bank borrowings.

JOINT BOOKRUNNERS, JOINT LEAD MANAGERS AND THE PUBLIC OFFER UNDERWRITERS

Anglo Chinese Securities, Limited

Dongxing Securities (Hong Kong) Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally and not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters and the Sole Sponsor) shall have the absolute discretion upon giving reasonable notice to our Company to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Tuesday, 21 March 2017):

(a) there has come to the notice of the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters) together:

(i) any statement contained in this prospectus, the formal notice, any submissions, documents or information provided to the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters), any announcements or documents issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) (the "**Relevant Documents**"), considered by the Sole Sponsor or the Joint Lead Managers together in its/their reasonable opinion was, when it was issued, or has become, or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect or any expressions of opinion, intention or expectation contained in any of such documents are not, in the reasonable opinion of the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters) together, in all material respects fair and honest and based on reasonable assumptions, when taken as a whole;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters) together in its/their reasonable opinion to be material in the context of the Share Offer;

(iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement considered by the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters) together in its/their reasonable opinion to be material in the context of the Share Offer (other than upon any of the Underwriters) (as the case may be);

(iv) either (A) there has been a breach of any of the warranties or provisions of the Public Offer Underwriting Agreement by any of the warrantors or (B) any matter or event showing or rendering any of the warranties, as applicable, in the reasonable opinion of the Sole Sponsor or the Joint Lead Managers (for themselves and on behalf of the Underwriters) together, to be untrue, incorrect, inaccurate or misleading in any material respect when given or repeated;

(v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of the warrantors pursuant to the indemnity provisions under the Public Offer Underwriting Agreement or the Share Offer to be performed or implemented as envisaged;

(vi) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(vii) our Company withdraws any of the Relevant Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares);

(viii) any person (other than the Sole Sponsor, the Joint Lead Managers or any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Relevant Documents with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(ix) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of our Group which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters) together, is material; or

(x) there comes to the notice of the Joint Lead Managers (for themselves and on behalf of the Underwriters) together, any information, matter or event which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters) together:

(A) is inconsistent in any material respect with any contained in the relevant Director's declaration, undertaking and acknowledgement (Appendix 6, Form A of the GEM Listing Rules) given by any Directors pursuant to the Share Offer; or

(B) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group; or

(b) there shall develop, occur, exist or come into effect:

(i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs (whether or not covered by insurance), fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics (including but not limited to SARS, MERS, H1N1 flu, H5N1 and H7N9 and other related or mutated forms), accidents, interruption or delay in transportation, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in Hong Kong, the PRC, the BVI or Cayman Islands or any other jurisdictions relevant to any member of our Group or the Share Offer (the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or represent any change or development involving a prospective change or development, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster including without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of Hong Kong dollar or Renminbi against any foreign currency;

(iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting the Relevant Jurisdictions;

(iv) the imposition of economic sanctions or changes in existing economic sanctions, in whatever form, directly or indirectly, by the United States or by the European Union (or any member thereof) on any of the Relevant Jurisdictions;

(v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions;

(vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus;

(vii) any litigation or claim of material importance being threatened or instigated against any member of our Group or any Director;

(viii) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;

(ix) the chairman of our Board or chief executive officer of our Company vacating his office in circumstances where the operations of our Group may be materially and adversely affected;

(x) the commencement by any governmental, regulatory or political body or organisation of any action against a Director or a member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take such action;

(xi) any contravention by any member of our Group or any Director of the Companies Ordinance, Companies (WUMP) Ordinance, the Companies Law, the GEM Listing Rules, the SFO or any applicable laws;

(xii) a prohibition on our Company for whatever reason from allotting or issuing the New Shares pursuant to the terms of the Share Offer;

(xiii) non-compliance of this prospectus (and/or any other documents used in connection with the subscription or purchase of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws;

(xiv) other than with the written approval of the Joint Lead Managers, the issue or requirement to issue by our Company of a supplement or an amendment to any of the Relevant Documents (and/or any other documents used in connection with the subscription of the New Shares) pursuant to the Companies Ordinance, Companies (WUMP) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

(xvi) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);

(xvii) any change or prospective change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Company or any member of our Group (including any litigation or claim of material importance being threatened or instigated against our Company or any member of our Group);

(xviii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertakings of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group;

(xix) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;

(xx) any change or development in the conditions of local, national or international equity securities or other financial markets; or

(xxi) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any government authority; or

(c) such other events or circumstances,

which in each case or in aggregate in the sole and absolute opinion of the Sole Sponsor or the Joint Lead Managers together (for themselves and on behalf of the Underwriters):

(A) is or will be materially adverse to or may prejudicially affect the general affairs, management, business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group or to any present or prospective shareholder in his, her or its capacity as such;

(B) has or will have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of interest under the Share Offer;

(C) makes or may make it inadvisable, inexpedient or impracticable to proceed with or to market the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by any of the Relevant Documents; or

(D) has or would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Public Offer Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange under the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which the Shares commence dealings on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/it shall not and shall procure that the relevant registered holder(s) (if any) shall not:

(i) save as provided in Rule 13.18 of the GEM Listing Rules, in the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities; and

(ii) save as provided in Rule 13.18 of the GEM Listing Rules, in the period of six months commencing from the expiry of the period referred to in paragraph (i) above (the "**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

In addition, in accordance with Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/it will comply with the following requirements:

(i) in the event that he/it pledges or charges any direct or indirect interest in the Relevant Securities in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period and the Second Six-Month Period, he/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in the Shares under (a) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Pursuant to Rule 13.20 of the GEM Listing Rules, in the event that our Company has been informed of any matter under Rule 13.19 of the GEM Listing Rules as described above, we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters that our Company shall, and each of our Controlling Shareholders have undertaken to the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters to procure our Company that:

(a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription or under the circumstances provided under Rule 17.29 of the GEM Listing Rules, not without the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and subject always to the provisions of the GEM Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of

Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the First Six-month Period;

(b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or under the circumstances provided under Rule 17.29 of the GEM Listing Rules;

(c) not at any time during the Second Six-month Period do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules); and

(d) in the event that our Company does any of the acts set out in clause (a) or (b) above after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sole Sponsor, the Joint Lead Managers, the Public Offer Underwriters and our Company that:

(a) he/it shall not, without the prior written consent of the Sponsor and Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), directly or indirectly, and shall procure that none of his or its close associates (as defined in the GEM Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, during the First Six-month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or

(b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under the GEM Listing Rules and subject always to compliance with the provisions of the GEM Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month Period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the GEM Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sole Sponsor, the Joint Lead Managers, the Public Offer Underwriters and our Company that within the First Six-month Period and the Second Six-month Period he/it shall:

(a) if and when he/it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him/her/it (or any beneficial interest therein), immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him/she/it will be disposed of, immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the GEM Listing Rules.

In addition to the above, each of our Controlling Shareholders has also provided a voluntary lock-up undertaking to our Company that it/he shall not, at anytime during the Second Six-month Period commencing on the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities, details of which is set out under the section headed "Relationship with our Controlling Shareholders — Voluntary Lock-up Undertaking by the Controlling Shareholders" of this prospectus.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, *inter alia*, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below. Pursuant to the Placing Underwriting Agreement, we are offering the Placing Shares for subscription by way of Placing, on and subject to the terms and conditions in the Placing Underwriting Agreement and this prospectus, at the Offer Price. Under the Placing Underwriting Agreement, subject to, among other conditions, (i) the Listing Committee of the Stock Exchange granting the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated; and (iii) certain other conditions set out in the Placing Underwriting Agreement, the Placing Underwriters have severally agreed to subscribe for, or procure subscribers for their respective applicable proportions of the Offer Shares on the terms and conditions of the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the sub-section headed "Underwriting arrangements and expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the sub-section headed "Underwriting arrangements and expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

Total commission, fee and expenses

In connection with the Share Offer, the Public Offer Underwriters will, and the Placing Underwriters are expected to receive an underwriting commission of the aggregate of 1% of the aggregate Offer Price of all the Offer Shares and HK$900,000, which is payable by our Company according to the Underwriting Agreements.

Based on an Offer Price of HK$5.25 of the Offer Share, the underwriting commission is estimated to be approximately HK$1.3 million, together with the listing fees, legal and other professional fees and printing and other expenses relating to the Share Offer, shall be borne by the Company.

In connection with the Listing, the Sole Sponsor will receive a sponsor's fee.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

SOLE SPONSOR'S, JOINT LEAD MANAGERS' AND UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Sponsor has been appointed as the compliance adviser of our Company with effect from the Listing Date until despatch of the audited consolidated financial results for the second full financial year after the Listing Date, and our Company will pay to the Sole Sponsor an agreed fee for its provision of services with the scope required under the GEM Listing Rules.

Save for their interests and obligations under the Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Sole Sponsor, the Joint Lead Managers and the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

THE SHARE OFFER

The Share Offer comprises:

(a) the Public Offer of 800,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the sub-section headed "The Public Offer" in this section; and

(b) the Placing of an aggregate of 7,200,000 new Shares (subject to reallocation as mentioned below) outside of the United States to professional, institutional and/or other investors.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedures for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 800,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue. The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the sub-setion headed "Conditions of the Public Offer" in this section.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

(a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 1,600,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 2,400,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer;

(b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 2,400,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the number of Offer Shares available under the Public Offer will be 3,200,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer; and

(c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 3,200,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 4,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

In addition, if the Public Offer Shares are undersubscribed, the Joint Lead Managers have the authority to reallocate all or any of the unsubscribed Public Offer Shares to the Placing.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK$5.75 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the sub-section headed "The Placing — Price determination of the Share Offer" in this section, is less than the maximum price of HK$5.75 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 7,200,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in "The Public Offer — Reallocation" in this section. In addition, the Joint Lead Managers may reallocate Placing Shares from the Placing to the Public Offer to satisfy the valid applications under the Public Offer that exceeds the number of Public Offer Shares initially offered.

Price determination of the Share Offer

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Friday, 10 March 2017 by agreement between the Joint Lead Managers (for itself and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$5.75 per Offer Share and is expected to be not less than HK$4.75 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company (**www.jcfash.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) a notice of the reduction or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company and the Joint Bookrunners. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Bookrunners, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK$40.7 million, assuming an Offer Price per Offer Share of HK$5.25 (being the mid-point of the stated indicative Offer Price range of HK$4.75 to HK$5.75 per Offer Share).

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Monday, 20 March 2017 on the website of our Company (**www.jcfash.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

If the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Monday, 13 March 2017, the Share Offer will not become unconditional and will lapse immediately.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

THE SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into the CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

(a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Share Offer;

(b) the Offer Price having been fixed on or about the Price Determination Date;

(c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by on our Company's website (**www.jcfash.com**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on Monday, 20 March 2017 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 21 March 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 21 March 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 21 March 2017.

The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares is 8442.

IMPORTANT

Our Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of our Company at **www.jcfash.com** and the Stock Exchange at **www.hkexnews.hk** under the "*HKExnews > Listed Company Information > Latest Listed Company Information*" section, respectively.

Members of the public may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 at the following locations:

1. the following branch of the receiving bank for the Public Offer:

The Bank of East Asia, Limited

District	**Branch Name**	**Address**
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central

2. any of the following offices of the Sole Sponsor and the Joint Bookrunners:

Anglo Chinese Corporate Finance, Limited and **Anglo Chinese Securities, Limited** at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Dongxing Securities (Hong Kong) Company Limited at 6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon Hong Kong.

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at the following branches of The Bank of East Asia, Limited where WHITE Application Forms are distributed:

District	**Branch Name**	**Address**
Hong Kong Island	Hennessy Road Branch	G/F, Eastern Commercial Centre, 395-399 Hennessy Road, Wanchai
Kowloon	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road, Tsim Sha Tsui

During normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out below.

A. APPLICATIONS FOR PUBLIC OFFER SHARES

1. How to apply

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

— use a **WHITE** or **YELLOW** Application Form; or

— electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can apply

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

— are 18 years of age or older;

— have a Hong Kong address;

— are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and

— are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Bookrunners may accept or reject it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

— an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

— a Director or chief executive officer of our Company and/or any of its subsidiaries;

— an associate or close associate (both as defined in the GEM Listing Rules) of any of the above;

— a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or

— have been allocated or have applied for any Offer Shares or otherwise participate in the Placing.

3. Applying for Public Offer Shares

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 from:

(i) **Anglo Chinese Corporate Finance, Limited/Anglo Chinese Securities, Limited**

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Dongxing Securities (Hong Kong) Company Limited

6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon Hong Kong.

(ii) the following branch of **The Bank of East Asia, Limited**:

District	**Branch Name**	**Address**
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central

You can collect a **WHITE** Application Form during normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 from the following branches of **The Bank of East Asia, Limited**:

District	**Branch Name**	**Address**
Hong Kong Island	Hennessy Road Branch	G/F, Eastern Commercial Centre, 395-399 Hennessy Road, Wanchai
Kowloon	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road, Tsim Sha Tsui

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "The Bank of East Asia (Nominees) Limited — SG Group Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 28 February 2017	**—**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 1 March 2017	**—**	**9:00 a.m. to 5:00 p.m.**
Thursday, 2 March 2017	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, 3 March 2017	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, 4 March 2017	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, 6 March 2017	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 6 March 2017, the last application day or such later time as described in the sub-section headed "A. Applications for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists" in this section.

4. Terms and conditions of an application

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying by giving electronic application instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

— agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

— agree to accept the Public Offer Shares applied for or any lesser number allocated;

— undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

— (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

— (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

— confirm that you understand that our Company, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

— authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

— confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

— agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

— agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

— agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

— agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

— agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

— agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

— agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (WUMP) Ordinance, Companies Ordinance and the Articles of Association; and

— agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

— instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

— instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

— instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Public Offer Shares. Instructions for more than 500 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting ***Electronic Application Instructions***

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 28 February 2017	**—**	**9:00 a.m. to 8:30 p.m.** *(Note 1)*
Wednesday, 1 March 2017	**—**	**8:00 a.m. to 8:30 p.m.** *(Note 1)*
Thursday, 2 March 2017	**—**	**8:00 a.m. to 8:30 p.m.** *(Note 1)*
Friday, 3 March 2017	**—**	**8:00 a.m. to 8:30 p.m.** *(Note 1)*
Saturday, 4 March 2017	**—**	**8:00 a.m. to 1:00 p.m.** *(Note 1)*
Monday, 6 March 2017	**—**	**8:00 a.m.** *(Note 1)* **to 12:00 noon**

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, 28 February 2017 until 12:00 noon on Monday, 6 March 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 6 March 2017, the last application day or such later time as described in the sub-section headed "A. Applications for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists" in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. Warning for electronic applications

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 6 March 2017.

7. How many applications can you make

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

— an account number; or

— some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

— the principal business of that company is dealings in securities; and

— you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

— control the composition of the board of directors of the company;

— control more than half of the voting power of the company; or

— hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. How much are the Public Offer Shares

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 500 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 500 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Share Offer" in this prospectus.

9. Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

— a tropical cyclone warning signal number 8 or above; or

— a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 March 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 6 March 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

10. Publication of results

Our Company expects to announce the Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 20 March 2017 on our Company's website at **www.jcfash.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

— in the announcement to be posted on our Company's website at **www.jcfash.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, 20 March 2017;

— from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 20 March 2017 to 12:00 midnight on Friday, 24 March 2017;

— by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Monday, 20 March 2017 to Friday, 24 March 2017 on a business day;

— in the special allocation results booklets which will be available for inspection during opening hours from Monday, 20 March 2017 to Wednesday, 22 March 2017 at all the receiving bank branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. Circumstances in which you will not be allotted Public Offer Shares

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

— within three weeks from the closing date of the application lists; or

— within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

— you make multiple applications or suspected multiple applications;

— you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

— your Application Form is not completed in accordance with the stated instructions;

— your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

— the Underwriting Agreements do not become unconditional or are terminated;

— our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

— your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

12. Refund of application monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$5.75 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading Fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and Conditions of the Share Offer — Conditions of the Public Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 20 March 2017.

13. Despatch/collection of share certificates and refund monies

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

— share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

— refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 20 March 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 21 March 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a **WHITE** Application Form

If you apply for 500,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Monday, 20 March 2017 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 500,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Monday, 20 March 2017, by ordinary post and at your own risk.

(ii) If you apply using a **YELLOW** Application Form

If you apply for 500,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Monday, 20 March 2017 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 500,000 Public Offer Shares, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Monday, 20 March 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 20 March 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

— *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

— *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "A. Applications for Public Offer Shares — 11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 20 March 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via **Electronic Application Instructions** to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

— If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 20 March 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

— Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "Publication of results" above on Monday, 20 March 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 20 March 2017 or such other date as determined by HKSCC or HKSCC Nominees.

— If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

— If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 20 March 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

— Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 20 March 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte. 德勤

35/F One Pacific Place
88 Queensway
Hong Kong

28 February 2017

The Directors
SG Group Holdings Limited

Anglo Chinese Corporate Finance, Limited

Dear Sirs,

We set out below our report on the financial information relating to SG Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the two years ended 30 April 2016 and the four months ended 31 August 2016 (the "**Track Record Period**") (the "**Financial Information**") for inclusion in the prospectus of the Company dated 28 February 2017 (the "**Prospectus**") in connection with the proposed listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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. Pursuant to a group reorganisation as more fully explained in the section headed "History and Corporate Structure — Reorganisation" in the Prospectus (the "**Reorganisation**"), the Company has since 15 January 2016 become the holding company of the Group. Other than the transactions relating to the Reorganisation and the preparation of the proposed listing, the Company has not carried on any business since the date of its incorporation.

The Company has the following subsidiaries at each of the reporting date and the date of this report:

			Attributable equity interest held by the Company				
Name of subsidiary	**Place and date of incorporation**	**Issued and fully paid share capital**	**At 30 April 2015**	**At 30 April 2016**	**At 31 August 2016**	**At date of this report**	**Principal activities**
Directly held							
JC FASHION GROUP LIMITED ("**JC BVI**")	British Virgin Islands ("**BVI**") 22 September 2011	Ordinary shares US$10	100%	100%	100%	100%	Investment holding
Indirectly held							
JC Fashion Group Limited 旺利多時裝集團有限公司 ("**JC HK**")	Hong Kong ("**HK**") 1 April 2010	Ordinary shares HK$10,000	100%	100%	100%	100%	Supply of apparel products with designing and sourcing services to fashion retailers
JC Design and Consultancy Company Limited (formerly known as Wintako Fashion Group Co., Limited) 永得高時裝集團有限公司 ("**JC Design**")	HK 17 November 2014	Ordinary share HK$1	100%	100%	100%	100%	Supply of apparel products with designing and sourcing services to fashion retailers
JC Fashion (UK) Company Limited ("**JC UK**")	United Kingdom ("**UK**") 29 May 2014	Ordinary share GBP1	100%	100%	100%	100%	Operation of a showroom

All companies now comprising the Group have adopted 30 April as their financial year end date.

The statutory financial statements of JC HK for the year ended 30 April 2015 were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and were audited by us. No statutory financial statements of JC HK have been prepared for the year ended 30 April 2016 as these financial statements are not yet due to be issued.

No statutory financial statements have been issued for JC Design as it has not yet reached the statutory time limit imposed on the issuance of the first set of its statutory financial statements since its date of incorporation.

No audited statutory financial statements have been prepared for JC UK since its respective date of incorporation as it meets certain exemption requirements for not preparing statutory financial statements in its jurisdiction.

No audited statutory financial statements have been prepared for the Company and JC BVI since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with accounting policies that conform with HKFRSs issued by the HKICPA (the "**Underlying Financial Statements**"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA and examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 of Section F below. No adjustments are considered necessary to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Prospectus.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 of Section F below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Company as at 30 April 2016 and 31 August 2016 and of the Group as at 30 April 2015, 30 April 2016 and 31 August 2016, and of the financial performance and cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the four months ended 31 August 2015 together with the notes thereon (the "**31 August 2015 Financial Information**") have been extracted from the Group's unaudited financial information for the same period which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 31 August 2015 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 31 August 2015 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 August 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 August 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 April		Four months ended 31 August	
		2015	**2016**	**2015**	**2016**
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	*8*	140,285	158,838	49,997	59,683
Cost of sales		(115,671)	(122,501)	(40,355)	(46,138)
Gross profit		24,614	36,337	9,642	13,545
Other income	*9*	411	3,129	235	1,034
Other gains and losses, net	*10*	(383)	675	369	(2,495)
Administrative expenses		(6,658)	(4,847)	(1,275)	(1,363)
Selling and distribution expenses		(8,161)	(7,401)	(2,890)	(2,493)
Finance costs	*11*	(359)	(191)	(71)	(84)
Listing expenses		–	(5,467)	(500)	(6,235)
Profit before taxation	*12*	9,464	22,235	5,510	1,909
Income tax expenses	*15*	(1,888)	(4,732)	(1,049)	(1,625)
Profit and total comprehensive income for the year/period		7,576	17,503	4,461	284
Earnings per share – basic (Hong Kong cents)	*17*	31.57	72.93	18.59	1.18

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 30 April 2015 HK$'000	As at 30 April 2016 HK$'000	As at 31 August 2016 HK$'000
Non-current assets				
Property, plant and equipment	18	1,023	427	2,201
Deferred tax assets	26	–	27	36
		1,023	454	2,237
Current assets				
Inventories	19	2,464	1,812	2,891
Trade, bills and other receivables	20	16,528	26,530	26,062
Amount due from immediate holding company	21	–	9	–
Amount due from a related party	21	9	9	–
Amount due from the shareholder	21	2,831	–	–
Bank balances and cash	22	3,348	15,854	20,331
		25,180	44,214	49,284
Current liabilities				
Trade and other payables	23	5,453	12,190	18,567
Amounts due to related parties	21	783	–	–
Amount due to the shareholder	21	10	10	–
Amount due to a director	21	2,123	1,432	–
Bank borrowings	24	3,000	–	–
Obligation under a finance lease	25	59	–	–
Tax payables		1,909	6,375	8,009
		13,337	20,007	26,576
Net current assets		11,843	24,207	22,708
Total assets less current liabilities		12,866	24,661	24,945
Non-current liabilities				
Obligation under a finance lease	25	149	–	–
Deferred tax liabilities	26	62	–	–
		211	–	–
Net assets		12,655	24,661	24,945
Capital and reserve				
Share capital	27	–+	–+	–+
Reserve		12,655	24,661	24,945
Total equity		12,655	24,661	24,945

+ Less than HK$1,000

(C) STATEMENT OF FINANCIAL POSITION

	NOTES	As at 30 April 2016 HK$'000	As at 31 August 2016 HK$'000
Non-current asset			
Investment in a subsidiary		22,593	22,593
Current assets			
Deferred expenses		1,632	3,261
Amount due from a subsidiary	*32(iii)*	5,503	5,503
		7,135	8,764
Current liabilities			
Accruals		2,097	8,769
Amount due to a subsidiary	*32(iii)*	4,502	5,695
		6,599	14,464
Net current assets/(liabilities)		536	(5,700)
Total assets less current liabilities		23,129	16,893
Capital and reserves			
Share capital	*27*	–+	–+
Reserves	*27*	23,129	16,893
		23,129	16,893

\+ Less than HK$1,000

(D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 May 2014	–+	5,079	5,079
Profit and total comprehensive income for the year	–	7,576	7,576
At 30 April 2015	–+	12,655	12,655
Profit and total comprehensive income for the year	–	17,503	17,503
Effect of reorganisation *(note 2(b) and 2(c))*	–+	–	–+
Dividend *(note 16)*	–	(5,497)	(5,497)
At 30 April 2016	–+	24,661	24,661
Profit and total comprehensive income for the period	–	284	284
At 31 August 2016	–+	24,945	24,945
For the four months ended 31 August 2015			
At 1 May 2015	–+	12,655	12,655
Profit and total comprehensive income for the period	–	4,461	4,461
At 31 August 2015 (unaudited)	–+	17,116	17,116

+ Less than HK$1,000

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30 April		Four months ended 31 August	
	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Operating activities				
Profit before taxation	9,464	22,235	5,510	1,909
Adjustments for:				
Depreciation of property, plant and equipment	623	783	219	91
Finance costs	359	191	71	84
Gain on disposal of property, plant and equipment	–	(1,401)	–	(15)
Operating cash flows before movements in working capital	10,446	21,808	5,800	2,069
Decrease (increase) in trade, bills and other receivables	1,045	(9,635)	(7,017)	468
Decrease (increase) in inventories	1,985	652	1,120	(1,079)
Increase in trade and other payables	15,490	6,737	10,746	6,377
Cash generated from operations	28,966	19,562	10,649	7,835
Hong Kong Profits Tax paid	(920)	(355)	–	–
Net cash from operating activities	28,046	19,207	10,649	7,835
Investing activities				
Advance to the shareholder	(12,564)	(2,766)	(855)	–
Advances to related parties	(9,407)	(367)	–	–
Purchase of property, plant and equipment	(101)	(466)	(450)	(2,000)
Advance to immediate holding company	–	(9)	–	(2)
Proceeds from disposal of property, plant and equipment	–	1,680	–	150
Repayment from the shareholder	364	100	54	–
Repayments from related parties	6,830	–	–	9
Repayment from immediate holding company	–	–	–	11
Net cash used in investing activities	(14,878)	(1,828)	(1,251)	(1,832)
Financing activities				
Repayments of bank borrowings	(47,900)	(7,760)	(3,000)	–
Repayment to a director	(5,701)	(1,218)	(560)	(1,455)
Repayments to related parties	–	(1,273)	–	–
Repayment to the shareholder	(10,240)	–	(782)	(10)
Repayments of obligation under a finance lease	(42)	(208)	(19)	–
Interest paid	(359)	(191)	(71)	(84)
New bank borrowings raised	43,900	4,760	–	–
Advance from a director	7,824	527	317	23
Advance from a related party	7	490	–	–
Net cash used in financing activities	(12,511)	(4,873)	(4,115)	(1,526)
Net increase in cash and cash equivalents	657	12,506	5,283	4,477
Cash and cash equivalents at beginning of the year/period	2,691	3,348	3,348	15,854
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	3,348	15,854	8,631	20,331

(F) NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

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 addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus.

The financial statements are presented in Hong Kong dollar ("**HK$**"), which is different from the functional currency, namely United States dollar ("**US$**"), of the Company. The directors of the Company consider that presenting the Financial Information in HK$ is preferable as the Group's principal place of business is in Hong Kong.

2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

Historically, all the entities comprising the Group were held by Mr. Choi King Ting Charles ("**Mr. Charles Choi**"), who is the controlling shareholder, and held by him directly or indirectly. In preparation for the listing of the Company's shares on the Stock Exchange, the entities now comprising the Group underwent a group reorganisation to enable the Company to become the holding company of the Group which involves the major steps of the Reorganisation as follows:

(a) On 5 October 2015, JC Fashion International Group Limited ("**JC International**"), the Company's holding company, not forming part of the Group was incorporated in the BVI as a BVI business company with limited liability and is authorised to issue a maximum of 50,000 shares of a single class with no par value. On the same day, 1 ordinary share with no par value, representing 100% of its then issued share capital, was allotted and issued to Mr. Charles Choi.

(b) On 8 October 2015, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each. On the same date, one share with par value of HK$0.01 was allotted and issued to the initial subscriber of the Company, which was transferred to JC International on 14 October 2015.

(c) On 15 January 2016, the Company acquired 10 ordinary shares with par value of US$1.00 each of JC BVI, representing its then entire issued share capital, from Mr. Charles Choi, being its ultimate beneficial shareholder at a consideration of allotment and issue of 99 shares by the Company to JC International credited as fully paid. JC BVI, being the then holding company of the Group's operating subsidiaries became a wholly-owned subsidiary of the Company.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 15 January 2016. Its immediate and ultimate holding company is JC International, a company incorporated in BVI which Mr. Charles Choi is the ultimate controlling party. Since the Company and its subsidiaries have been under the common control of Mr. Charles Choi before and after the Reorganisation and throughout the Track Record Period or since their respective date of incorporation, where there is a shorter period, the Group resulting from the Reorganisation is regarded as a continuing entity. For the purposes of the presentation of the Financial Information, the acquisition stated above is accounted for as a reorganisation of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting" for common control combinations. Accordingly, the Financial Information has been prepared on the basis as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 30 April 2015 and 30 April 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has adopted all HKFRSs which are effective for the Group's accounting periods beginning on 1 May 2016 consistently throughout the Track Record Period.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
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 HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2017

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 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.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

The Group has performed a review of the existing contractual arrangement with its customers and the directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the revenue recognition of its sales activities and the financial information.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in note 28, total operating lease arrangements and commitments of the Group in respect of rented premises as at 31 August 2016 amounted to HK$861,000, the directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, and in accordance with the following accounting policies which conform to HKFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis. 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 Financial Information 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.

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 Financial Information incorporates the financial statements of the companies now comprising the Group.

Subsidiaries are 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.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

Investment in a subsidiary

Investment in a subsidiary are included in the Company's statement of financial position at cost less any identified impairment loss. The results of the subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time 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 statements 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.

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 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.

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 Financial Information, 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 estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements 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.

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, amounts due from immediate holding company/a related party/the shareholder 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.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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.

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.

Financial liabilities

Financial liabilities, including trade and other payables, amounts due to related parties/a director/ the shareholder and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

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.

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 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. 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.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme, which is defined contribution retirement benefit plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

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 statements 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 Financial Information 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.

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 SOURCES 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 amount 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 is 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 are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have 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 each reporting period.

Impairment of trade, bills and other receivables and amounts due from immediate holding company/a related party/the shareholder

In determining whether there is objective evidence of impairment loss, the directors of the Company take into consideration of the financial strength of the counterparties, the credit history of the customers and the current market condition. When there is objective evidence for a receivable that may be impaired, the amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The directors of the Company reassess the adequacy of impairment on a regular basis.

Where the actual cash flows are less than expected, material impairment loss may arise. The carrying amounts of the trade, bills and other receivables and amounts due from immediate holding company/a related party/the shareholder are disclosed in notes 20 and 21 respectively.

6. 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 Track Record Period.

The capital structure of the Group consists of debt, which include bank borrowings disclosed in note 24 and equity attributable to owner of the Company, comprising share capital and reserve.

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.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	22,452	40,615	43,094
Financial liabilities			
Amortised cost	9,989	10,318	8,157

Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, amounts due from immediate holding company/a related party/the shareholder, bank balances and cash, trade and other payables, amounts due to related parties/the shareholder/a director and bank borrowings. 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 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 deposits and bank borrowings (see notes 22 and 24 respectively) 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 monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

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.

For sensitivity analysis on interest rates for variable-rate bank borrowings, the analysis is prepared assuming that the amount of liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used and represents the management's assessment of the reasonable possible change in interest rates of bank borrowings.

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 30 April 2015 would decrease/increase by approximately HK$13,000.

No sensitivity analysis on variable-rate bank borrowings is presented as at 30 April 2016 and 31 August 2016 as the Group has no outstanding bank borrowings at the end of the reporting period.

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**		
	As at 30 April		**As at 31 August**	**As at 30 April**		**As at 31 August**
	2015	**2016**	**2016**	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
HK$	5,800	13,978	2,823	9,107	10,318	8,157
Great British Pound ("**GBP**")	5,732	14,659	19,150	–	–	–

Sensitivity analysis

The directors 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 5% increase and decrease for the year ended 30 April 2015, 10% increase and decrease for the year ended 30 April 2016 and 5% increase and decrease for the four months ended 31 August 2016 in the exchange rate of GBP against the functional currencies of the corresponding group entities. 5%, 10% and 5% are the sensitivity rates used which represent management's assessment of the reasonably possible change in foreign currency rate for the year/period ended 30 April 2015, 30 April 2016 and 31 August 2016 respectively. A positive number indicates an increase in post-tax profit when GBP strengthen 5% for the year ended 30 April 2015, 10% for the year ended 30 April 2016 and 5% for the four months ended 31 August 2016 against the functional currencies of the corresponding group entities. For a 5% weakening for the year ended 30 April 2015, 10% weakening for the year ended 30 April 2016 and 5% weakening for the four months ended 31 August 2016 of GBP, there would be an equal but opposite impact on the post-tax profit.

	Year ended 30 April		Four months ended 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
GBP	239	1,224	800

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/period.

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 statements of financial position of the Group.

In order to minimise the credit risk, management of the Company have delegated a team responsible for 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 each 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 2015, 30 April 2016 and 31 August 2016, the Group has concentration of credit risk as 25%, 27% and 51% respectively of the total trade and bills receivable was due from the Group's largest debtor. The Group's concentration of credit risk on the top five largest debtors accounted for 78%, 77% and 87% of the total trade and bills receivables as at 30 April 2015, 2016 and 31 August 2016 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 directors of the Company consider that the credit risk on amounts due from immediate holding company/a related party/the shareholder is limited because they regularly monitor the financial position of these related parties through involvement in their management and operations. In addition, advances are only made to related parties having a good financial standing.

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management, 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 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 years	1 to 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 April 2015							
Non-derivative financial liabilities							
Trade and other payables	–	4,073	–	–	–	4,073	4,073
Amounts due to related parties	–	783	–	–	–	783	783
Amount due to the shareholder	–	10	–	–	–	10	10
Amount due to a director	–	2,123	–	–	–	2,123	2,123
Obligation under a finance lease	4.28	33	34	67	89	223	208
Bank borrowing	1.91	3,000	–	–	–	3,000	3,000
		10,022	34	67	89	10,212	10,197

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 years	1 to 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 April 2016							
Non-derivative financial liabilities							
Trade and other payables	–	8,876	–	–	–	8,876	8,876
Amount due to the shareholder	–	10	–	–	–	10	10
Amount due to a director	–	1,432	–	–	–	1,432	1,432
		10,318	–	–	–	10,318	10,318

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 years	1 to 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 August 2016							
Non-derivative financial liabilities							
Trade and other payables	–	8,157	–	–	–	8,157	8,157
		8,157	–	–	–	8,157	8,157

The bank borrowings with a repayment on demand clause are also included in the "on demand or less than 6 months" time band in the above maturity analysis. As at 30 April 2015, the aggregate carrying amounts of the bank loan amounted to HK$3,000,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the bank will exercise its discretionary right to demand immediate repayment. The directors of the Company believe that such bank borrowings would be repaid within six months after the end of the reporting period in accordance with the scheduled repayment date set out in bank borrowings agreement. At that time, the undiscounted cash outflows amounted to HK$3,029,000 at 30 April 2015.

Fair value

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

8. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products for the Track Record Period.

The Group determines its operating segments based on the reports reviewed by the controlling shareholder, being the chief operating decision maker (the "**CODM**"), which are used to make strategic decisions. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers. The Group's operating segments are classified as (i) online fashion retailers; and (ii) fashion retailers which based on the nature of the operations carried out by the Group. The details of the Group's reportable segments are as follows:

(i)	Online Fashion Retailers	Supply of apparel products with designing and sourcing services to certain online fashion retailers (representing three customers namely ASOS, Lamoda and Zalando as set out in the section headed "Business" in the Prospectus)
(ii)	Fashion Retailers	Supply of apparel products with designing and sourcing services to fashion retailers other than "Online Fashion Retailers" as defined above

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.

Segment revenues and results

For the year ended 30 April 2015

	Online Fashion Retailers	**Fashion Retailers**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	34,745	105,540	140,285
Segment profit	4,792	14,889	19,681
Unallocated expenses			(10,036)
Unallocated finance costs			(181)
Profit before taxation			9,464

For the year ended 30 April 2016

	Online Fashion Retailers	**Fashion Retailers**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	43,905	114,933	158,838
Segment profit	8,786	23,155	31,941
Unallocated income			2,063
Unallocated gain			1,449
Unallocated expenses			(7,737)
Unallocated finance costs			(14)
Listing expenses			(5,467)
Profit before taxation			22,235

For the four months ended 31 August 2015 (unaudited)

	Online Fashion Retailers *HK\$'000*	Fashion Retailers *HK\$'000*	Consolidated *HK\$'000*
Segment revenue	13,142	36,855	49,997
Segment profit	2,320	6,166	8,486
Unallocated expenses			(2,462)
Unallocated finance costs			(14)
Listing expenses			(500)
Profit before taxation			5,510

For the four months ended 31 August 2016

	Online Fashion Retailers *HK\$'000*	Fashion Retailers *HK\$'000*	Consolidated *HK\$'000*
Segment revenue	23,193	36,490	59,683
Segment profit	4,747	7,034	11,781
Unallocated income			951
Unallocated loss			(1,943)
Unallocated expenses			(2,645)
Listing expenses			(6,235)
Profit before taxation			1,909

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, other service income, finance costs and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales during the Track Record Period.

Revenue by type of products

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Womenswear:				
Online Fashion Retailers	34,745	43,905	13,142	23,193
Fashion Retailers	80,135	92,831	28,270	23,961
	114,880	136,736	41,412	47,154
Childrenswear:				
Fashion Retailers	25,405	22,102	8,585	12,529
	140,285	158,838	49,997	59,683

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, is detailed below:

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue from external customers				
United Kingdom	128,310	146,658	44,838	58,163
Others				
– Ireland	5,517	4,475	1,689	1,074
– Russia	5,037	4,934	2,331	–
– United States of America	1,421	2,579	947	52
– Sweden	–	192	192	–
– Germany	–	–	–	394
	11,975	12,180	5,159	1,520
	140,285	158,838	49,997	59,683

All non-current assets (exclude deferred tax assets) are located in Hong Kong.

Information about major customers

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

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer A[1]	57,814	70,231	21,438	24,590
Customer B[2]	29,708	38,971	10,811	21,314

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

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

9. OTHER INCOME

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Service income *(Note)*	25	1,868	–	800
Sample income	381	1,049	232	83
Others	5	212	3	151
	411	3,129	235	1,034

Note: Service income comprises of provision of marketing and consulting services to external parties which mainly include (i) assisting them to comply with the corporate social responsibility standards required by the audit inspection; (ii) providing fashion trend forecast analysis and design specification; and (iii) introducing potential customers to them.

10. OTHER GAINS AND LOSSES, NET

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Net gain on disposal of property, plant and equipment	–	1,401	–	15
Net exchange (losses) gains	(383)	(726)	369	(2,510)
	(383)	675	369	(2,495)

11. FINANCE COSTS

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Interest on:				
Bank borrowings	181	31	13	–
Factoring arrangement (without recourse)	176	152	55	84
Finance lease	2	8	3	–
	359	191	71	84

12. PROFIT BEFORE TAXATION

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Profit before taxation has been arrived at after charging:				
Directors' remuneration *(note 13)*	987	405	105	210
Other staff costs	4,223	4,243	1,496	1,079
	5,210	4,648	1,601	1,289
Retirement benefit schemes contributions for other staff	187	167	58	53
Total staff costs	5,397	4,815	1,659	1,342
Depreciation of property, plant and equipment	623	783	219	91
Minimum lease payments	289	642	193	284
Auditors' remuneration	500	500	–	–
Cost of inventories recognised as expenses	115,671	122,501	40,355	46,138

13. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

Mr. Charles Choi was appointed as an executive director of the Company on 14 October 2015. Mr. Charles Choi is also the chief executive of the Company.

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 the director of the operating subsidiaries of the Group during the Track Record Period.

Directors and Chief Executive

The below are the emoluments including fees, salaries and allowances, bonus 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 Track Record Period.

	Fees	Salaries and allowances	Retirement benefit schemes contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 April 2015				
Mr. Charles Choi	–	701	10	711
Mr. Benny Choi	–	272	4	276
	–	973	14	987
For the year ended 30 April 2016				
Mr. Charles Choi	–	255	13	268
Mr. Benny Choi	–	130	7	137
	–	385	20	405

	Fees	Salaries and allowances	Retirement benefit schemes contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the four months ended 31 August 2015 (unaudited)				
Mr. Charles Choi	–	60	3	63
Mr. Benny Choi	–	40	2	42
	–	100	5	105
For the four months ended 31 August 2016				
Mr. Charles Choi	–	120	6	126
Mr. Benny Choi	–	80	4	84
	–	200	10	210

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

14. EMPLOYEES' EMOLUMENTS

Employees

Of the five individuals with the highest emoluments in the Group, Mr. Charles Choi was the director of the Company for each of the years ended 30 April 2015, 30 April 2016 and the four months ended 31 August 2016 whose emoluments are included in the disclosure in note 13 above. The emoluments of the five highest paid individual for the four months ended 31 August 2015 and remaining four highest paid individuals for each of the years ended 30 April 2015 and 2016 and the four months ended 31 August 2016 are as follows:

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and allowances	1,611	1,525	587	572
Contribution to retirement benefit scheme	59	53	24	27
	1,670	1,578	611	599

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

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
Nil to HK$1,000,000	4	4	5	4

During the Track Record Period, 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. None of the directors waived or agreed to waive any emoluments during the Track Record Period.

15. INCOME TAX EXPENSES

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
The charge comprises:				
Current tax	1,974	4,841	1,080	1,634
Overprovision in prior years	(20)	(20)	(20)	–
Deferred tax *(note 26)*	(66)	(89)	(11)	(9)
	1,888	4,732	1,049	1,625

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Track Record Period.

The income tax expenses for the Track Record Period can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 30 April		Four months ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before taxation	9,464	22,235	5,510	1,909
Tax at Hong Kong Profits Tax rate of 16.5%	1,562	3,669	909	315
Tax effect of expenses not deductible	92	1,116	133	1,339
Tax effect of tax losses not recognised	254	–	27	–
Utilisation of tax losses previously not recognised	–	(33)	–	(29)
Overprovision in prior years	(20)	(20)	(20)	–
Income tax expenses	1,888	4,732	1,049	1,625

Details of deferred taxation are set out in note 26.

16. DIVIDEND

	Year ended 30 April		Four months ended 31 August	
	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Dividend declared				
2016 Interim – HK$54,970 per share	–	5,497	–	–

The Company distributed interim dividends amounting to HK$5,497,000 for the year ended 30 April 2016 to JC International, its shareholder, after the Reorganisation.

17. EARNINGS PER SHARE

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

	Year ended 30 April		Four months ended 31 August	
	2015	2016	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Earnings:				
Earnings for the purpose of calculating basic earnings per share (profit for the year)	7,576	17,503	4,461	284
Number of shares:				
Number of ordinary shares for the purpose of calculating basic earnings per share	24,000,000	24,000,000	24,000,000	24,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation set out in note 2 and the capitalisation issue as set out in section G had been effective on 1 May 2014.

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

18. 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 2014	–	–	–	1,850	1,850
Additions	–	36	65	250	351
At 30 April 2015	–	36	65	2,100	2,201
Additions	–	16	450	–	466
Disposals	–	(36)	(65)	(1,850)	(1,951)
At 30 April 2016	–	16	450	250	716
Additions	2,000	–	–	–	2,000
Disposals	–	–	–	(250)	(250)
At 31 August 2016	2,000	16	450	–	2,466
DEPRECIATION					
At 1 May 2014	–	–	–	555	555
Provided for the year	–	5	38	580	623
At 30 April 2015	–	5	38	1,135	1,178
Provided for the year	–	5	194	584	783
Eliminated on disposals	–	(9)	(44)	(1,619)	(1,672)
At 30 April 2016	–	1	188	100	289
Provided for the period	–	1	75	15	91
Eliminated on disposals	–	–	–	(115)	(115)
At 31 August 2016	–	2	263	–	265
CARRYING VALUES					
At 30 April 2015	–	31	27	965	1,023
At 30 April 2016	–	15	262	150	427
At 31 August 2016	2,000	14	187	–	2,201

The carrying amount of motor vehicle of the Group includes an amount of HK$225,000 in respect of assets held under finance lease as at 30 April 2015.

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:

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

19. INVENTORIES

	At 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Goods in transit	2,464	1,812	2,891

20. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	11,653	14,284	21,111
Bills receivables	4,291	1,638	588
Other receivables			
– Deposits and prepayments	301	622	419
– Deferred listing expense	–	1,632	3,261
– Others	283	8,354	683
Total trade, bills and other receivables	16,528	26,530	26,062

No allowance for bad or doubtful debt was provided during the Track Record Period and no balance of provision for bad and doubtful debt was recognised as at end of each reporting period.

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days. For other customers, the Group requests deposit payment and demand for full settlement upon delivery of goods.

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

	At 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Within 60 days	11,840	12,066	18,279
61 to 180 days	2,892	2,430	2,590
181 to 365 days	1,149	947	207
Over 365 days	63	479	623
	15,944	15,922	21,699

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 to be of a good credit quality. 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$4,604,000, HK$3,691,000 and HK$5,607,000 as at 30 April 2015, 30 April 2016 and 31 August 2016, respectively, 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

	At 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Overdue by:			
1 to 60 days	3,363	2,620	3,005
61 to 180 days	36	330	1,974
181 to 365 days	1,150	264	4
Over 365 days	55	477	624
	4,604	3,691	5,607

Included in the other receivables are balances of approximately HK$7,457,000 and HK$483,000 as at 30 April 2016 and 31 August 2016 with KC Fashion (Shenzhen) Company Limited ("**KC Shenzhen**"), a company in which the spouse of Mr. Charles Choi ("**Mrs. Choi**") was a former director and a former controlling shareholder. Mrs. Choi resigned as director and disposed of her interests in KC Shenzhen to an independent third party on 4 July 2015 whereas KC Shenzhen remains as a supplier of the Group.

As agreed between KC Shenzhen and the Group, for the purchase of goods from KC Shenzhen by the Group, from time to time, the Group would make payments directly to certain suppliers of KC Shenzhen at KC Shenzhen's instruction, which will be treated as deposit for purchase of goods by the Group and will be settled by deducting future invoiced amounts when the Group is billed for goods delivered by KC Shenzhen to the Group.

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

	2015	**2016**	**As at 31 August 2016**
	HK$'000	*HK$'000*	*HK$'000*
HK$	320	8,770	936
GBP	5,641	4,785	1,280

21. AMOUNTS DUE FROM (TO) IMMEDIATE HOLDING COMPANY/RELATED PARTIES/THE SHAREHOLDER/A DIRECTOR

Amounts due from (to) immediate holding company/related parties/the shareholder/a director which are non-trade nature are detailed as follows:

	As at 1 May	As at 30 April		As at 31 August	Maximum balance outstanding during the year/four months ended		
					30 April	30 April	31 August
	2015	**2015**	**2016**	**2016**	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from immediate holding company							
JC International	–	–	9	–	–	9	11
Amounts due from related parties							
JC Fashion Company Limited[1]	38	9	9	–	38	9	9
KC Shenzhen[2]	10,977	–	–	–	22,952	367	–
	11,015	9	9	–			

	As at 1 May	As at 30 April		As at	Maximum balance outstanding during the year/four months ended		
				31 August	30 April	30 April	31 August
	2015	2015	2016	2016	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from the shareholder							
Mr. Charles Choi	–	2,831	–	–	12,200	5,497	237

	As at 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Amount due to a director			
Mr. Benny Choi[3]	2,123	1,432	–
Amounts due to related parties			
Wintako Company Limited[1]	7	–	–
KC Shenzhen[2]	776	–	–
	783	–	–
Amount due to the shareholder			
Mr. Charles Choi	10	10	–

1 A close family member of Mr. Charles Choi is the director and also has significant influence over this company.

2 Mrs. Choi was the director and also the controlling shareholder of this company and it had been disposed of to an independent third party on 4 July 2015.

3 Mr. Benny Choi was appointed as an executive director of Group on 18 July 2016. Mr. Benny Choi was the key management personnel of the Group during the Track Record Period.

Amounts due from (to) immediate holding company/related parties/the shareholder/a director are denominated in HK$, interest-free, unsecured and repayable on demand. The entire balances of amounts due from (to) related parties/the shareholder/a director were settled during the four months ended 31 August 2016.

22. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates based on daily bank deposits rates for the Track Record Period.

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

	As at 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
HK$	2,640	5,190	1,887
GBP	91	9,874	17,870

23. TRADE AND OTHER PAYABLES

	As at 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	2,627	7,812	7,120
Other payables	374	178	247
Deposits received from customers	1,072	886	790
Accrued expenses	1,038	3,218	10,313
Receipt in advance from customers	342	96	97
Total trade and other payables	5,453	12,190	18,567

The credit period of trade payables is from 30 to 90 days.

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

	As at 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Within 60 days	2,627	6,488	6,902
61 to 180 days	–	1,157	95
181 to 365 days	–	139	123
Over 365 days	–	28	–
	2,627	7,812	7,120

Trade and other payables that are denominated in HK$ amounted to HK$3,191,000, HK$8,876,000 and HK$8,157,000 as at 30 April 2015, 30 April 2016 and 31 August 2016 respectively.

As at 30 April 2015, included in trade payables are balances in aggregate of HK$1,660,000 due to KC Global (Holdings) Limited ("**KC HK**"), KC Global (Holdings) Limited ("**KC BVI**") and KC Shenzhen, which Mrs. Choi is the controlling shareholder up to 4 July 2015.

24. BANK BORROWINGS

	As at 30 April		As at 31 August
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings – unsecured and guaranteed:			
Variable-rate	3,000	–	–
Carrying amounts that are repayable within one year from the end of the respective reporting period and contain a repayment on demand clause	3,000	–	–

Variable-rate bank borrowings are denominated in HK$ and bear interest at a premium over Hong Kong Interbank Offered Rate ("**HIBOR**").

The effective interest rate (which is also equal to contracted interest rate) on the Group's borrowings as at 30 April 2015 is 2.39% per annum.

Detail of the above bank borrowings guaranteed by related parties are set out in note 32.

25. OBLIGATION UNDER A FINANCE LEASE

Obligation under a finance lease relates to a motor vehicle under a finance lease arrangement. The lease term is four years. Interest rate underlying the obligation under the finance lease is fixed at contract date at 4.28% per annum. The remaining lease payment has been fully settled during the year ended 30 April 2016. Details of the obligation under the finance lease are set out below:

	Minimum lease payments			Present value of minimum lease payment		
	As at 30 April		As at 31 August	As at 30 April		As at 31 August
	2015	2016	2016	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under a finance lease:						
Within one year	67	–	–	59	–	–
More than one year but not exceeding five years	156	–	–	149	–	–
	223	–	–	208	–	–
Less: Future finance charges	(15)	–	–	N/A	N/A	N/A
Present value of lease obligation	208	–	–	208	–	–
Less: Amount due for settlement within twelve months shown under current liabilities				(59)	–	–
Amount due for settlement after twelve months shown under non-current liabilities				149	–	–

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

26. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	–	27	36
Deferred tax liabilities	(62)	–	–
	(62)	27	36

The following are the major deferred tax asset (liability) recognised and movements thereon during Track Record Period.

	Tax losses	**Accelerated tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 May 2014	–	(128)	(128)
Credited to profit or loss	9	57	66
At 30 April 2015	9	(71)	(62)
Credited to profit or loss	11	78	89
At 30 April 2016	20	7	27
Credited to profit or loss	(17)	26	9
At 31 August 2016	3	33	36

As at 30 April 2015, 30 April 2016 and 31 August 2016, the Company has unutilised Hong Kong tax losses of approximately HK$1,589,000, HK$1,455,000 and HK$1,176,000 respectively. 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.

Deferred tax asset has been recognised in respect of approximately HK$55,000, HK$121,000 and HK$18,000 of such losses arising from Hong Kong as at 30 April 2015, 30 April 2016 and 31 August 2016 respectively. No deferred tax asset has been recognised in respect of remaining approximately HK$1,534,000, HK$1,334,000 and HK$1,158,000 as at 30 April 2015, 30 April 2016 and 31 August 2016 respectively due to the unpredictability of future tax loss streams.

27. SHARE CAPITAL AND RESERVES

The share capital at 30 April 2015 represented issued share capital of JC BVI.

The share capital at 30 April 2016 and 31 August 2016 represented the issued share capital of the Company.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands on 8 October 2015 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

During the year ended 30 April 2016, the Company allotted 99 new shares at par value of HK$0.01 each to the shareholder of JC BVI to acquire the entire equity interests in JC BVI.

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 incorporation and 30 April 2016	38,000,000	380,000
Increase during the period	162,000,000	1,620,000
At 31 August 2016	200,000,000	2,000,000
Issued and fully paid:		
At incorporation	1	0.01
Allotment of shares	99	0.99
At 30 April 2016 and 31 August 2016	100	1.00

Below is a table showing the movements of the share capital and reserves of the Company since its incorporation and up to 31 August 2016:

	Share capital *HK$'000*	Merger reserve *HK$'000*	Retained profits/ (Accumulated loss) *HK$'000*	Total *HK$'000*
At date of incorporation	–+	–	–	–+
Issue of shares	–+	–	–	–+
Profit for the period	–	–	6,033	6,033
Deemed contribution *(Note)*	–	22,593	–	22,593
Dividend *(note 16)*	–	–	(5,497)	(5,497)
At 30 April 2016	–+	22,593	536	23,129
Loss for the period	–	–	(6,236)	(6,236)
At 31 August 2016	–+	22,593	(5,700)	16,893

\+ Less than HK$1,000.

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.

28. OPERATING LEASES

The Group as lessee

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

	As at 30 April		As at 31 August
	2015	**2016**	**2016**
	HK\$'000	*HK\$'000*	*HK\$'000*
Within one year	292	407	336
In the second to fifth years inclusive	255	74	525
	547	481	861

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

29. PLEDGE OF ASSETS

At 30 April 2015, the Group's obligation under a finance lease (note 25) was secured by the lessor's title to the leased asset, which had a carrying amount of HK\$225,000 at 30 April 2015. Such pledge has been released due to the full settlement of the remaining lease payments during the year ended 30 April 2016.

30. 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 total cost of HK\$201,000, HK\$187,000, HK\$63,000 (unaudited) and HK\$63,000 charged to profit or loss represents contributions paid or payable to the above schemes by the Group for each of the year ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2015 and 31 August 2016 respectively.

31. NON-CASH TRANSACTIONS

During the year ended 30 April 2015, account payables amounting to approximately HK\$23,728,000 and amount due from the shareholder amounting to approximately HK\$9,369,000 were used to set off the current account with KC Shenzhen.

During the year ended 30 April 2016, the Company declared interim dividend in an aggregate amount of approximately HK\$5,497,000 to its shareholder. As approved by the boards of director of the Company, JC BVI and JC HK, the distribution of interim dividend was offset with the amount due from the shareholder, Mr. Charles Choi, who is the sole and controlling shareholder of the Company. Therefore, no cash was paid for the dividend declared during the year ended 30 April 2016.

32. RELATED PARTY DISCLOSURES

(i) In addition to the transactions, balances and commitments disclosed elsewhere in the respective notes to Financial Information, the Group had entered into the following related party transactions:

Name of related companies	Relationship	Nature of transactions	Year ended 30 April 2015	Year ended 30 April 2016	Four months ended 31 August 2015	Four months ended 31 August 2016
			HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
KC Shenzhen	Related company[1]	Purchase of inventories	73,740	12,250	12,250	–
KC HK	Related company[1]	Service charges	3,689	612	612	–
KC BVI	Related company[1]	Service charges	34,797	6,251	6,251	–
JC Fashion Company Limited	Related company[2]	Consultancy fee	1,880	–	–	–
Wintako Company Limited	Related company[2]	Rental expense for a director's quarter	506	–	–	–
Wintako Development Limited	Related company[2]	Rental expense for a director's quarter	200	–	–	–

1 Mrs. Choi is the director and controlling shareholder of these companies up to 4 July 2015 and these companies had been disposed of to an independent third party on 4 July 2015. The amounts disclosed above represent the transactions between the Group and these companies up to 4 July 2015.

2 A close family member of Mr. Charles Choi is the director and has significant influence over these companies.

(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 at the end of each reporting period for the banking facilities granted to the Group. The amount of facilities utilised by the Group amounted to HK$3,000,000, Nil and Nil as at 30 April 2015, 30 April 2016 and 31 August 2016 respectively (note 24).

(iii) Amount due from a subsidiary and amount due to a subsidiary are 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 Track Record Period was as follows:

	Year ended 30 April 2015	Year ended 30 April 2016	Four months ended 31 August 2015	Four months ended 31 August 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Salaries and allowances	1,913	1,529	395	557
Retirement benefit schemes contributions	61	73	19	28
	1,974	1,602	414	585

Further details of the directors' emoluments are included in note 13.

(G) EVENTS AFTER THE REPORTING PERIOD

Pursuant to a resolution of the sole shareholder of the company passed on 21 February 2017, the directors of the Company were authorised to capitalize 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 which the said resolution has been passed (or another date as our Directors may direct) to their respective shareholdings in our Company, each ranking pari passu in all respects with the then existing issued shares.

(H) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies comprising the Group have been prepared in respect of any period subsequent to 31 August 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

*The information set forth in this appendix does not form part of the accountants' report on the financial information for each of the two years ended 30 April 2016 and the four months ended 31 August 2016 of the Group (the "**Accountants' Report**") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set forth in Appendix I to this document.*

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with Rules 7.31 of the GEM Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group as at 31 August 2016 as if the Share Offer had taken place on 31 August 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 August 2016 or at any future dates following the Share Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group as at 31 August 2016 as shown in the Accountants' Report as set out in Appendix I to this document and adjusted as described below.

	Audited consolidated net tangible assets of the Group as at 31 August 2016	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 August 2016**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 August 2016 per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on Offer Price of HK$4.75 per Offer Share	24,945	28,045	52,990	1.66
Based on Offer Price of HK$5.75 per Offer Share	24,945	35,965	60,910	1.90

Notes:

1. The audited consolidated net tangible assets of the Group as at 31 August 2016 is based on the consolidated net assets of the Group amounted to HK$24,945,000, extracted from the Accountants' Report set out in Appendix I to this document.

2. The estimated net proceeds from the Share Offer are based on 8,000,000 Offer Shares to be issued at Offer Price of HK$4.75 and HK$5.75 per Offer Share, respectively, being the lower and higher end of the indicated Offer Price range, after deduction of the estimated underwriting fees and other related expense (excluding approximately HK$11,702,000 of listing expenses accounted for as expense up to 31 August 2016) and does not take into account of any Shares which may be issued or repurchased pursuant to the Company's general mandate.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 August 2016 per Share has been arrived at after making the adjustments referred to the above and on the basis of 32,000,000 Shares that would be in issue assuming that the completing of Share Offer and the Capitalisation Issue have been completed on 31 August 2016 and does not take into account of any Shares which may be issued or repurchased pursuant to the Company's general mandate.

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as of 31 August 2016 to reflect any trading result or other transactions of the Group entered into subsequent to 31 August 2016.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of SG Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SG Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 August 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 28 February 2017 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by way of Share Offer (the "**Share Offer**") on the Group's financial position as at 31 August 2016 as if the Share Offer had taken place at 31 August 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the two years ended 30 April 2016 and the four months ended 31 August 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 February 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 October 2015 under the Companies Law. Our Company's constitutional documents consist of the Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

1.2 By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles will be conditionally adopted. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of our Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, provided that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(c) Alteration of capital

Our Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of our Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of our Company to purchase its own shares

Our Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, as at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining our Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of our Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Our Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resigns;

(ii) dies;

(iii) is declared to be of unsound mind and the Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) he is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by the requisite majority of our Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of our Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party. These provisions in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(e) Remuneration

Our Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among our Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. Our Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which our Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(g) Loans and provision of security for loans to Directors

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with our Company or any of its subsidiaries

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to our Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which our Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where our Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which our Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which our Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and our Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of our Company.

2.5 Meetings of member

(a) Special and ordinary resolutions

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(i) at least two members;

(ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members holding shares in our Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(d) Notices of meetings and business to be conducted

An annual general meeting of our Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of our Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in our Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of our Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, our Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by our Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder’s or joint holders’ risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(a) if our Company is wound up and the assets available for distribution among the members of our Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if our Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

Our Company was incorporated in the Cayman Islands as an exempted company on 8 October 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Companies Law;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of our Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:

 (i) on or in respect of the shares, debentures or other obligations of our Company; or

 (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for our Company is for a period of 20 years from 27 October 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Companies Law, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Harney Westwood & Riegels, our Company's legal adviser on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — 2. Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated on 8 October 2015 in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Company Law. Our Company has established its head office and a principal place of business in Hong Kong at Unit 302, 3/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and our Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 28 July 2016. Mr. Charles Choi has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for acceptance of service of process and notices on our Company in Hong Kong is the same as its registered place of business in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the relevant laws and regulations of Cayman Islands and its constitution, comprising its Memorandum and Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum of Articles of Association is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, our Company had an authorised share capital of HK$380,000 which is divided into 38,000,000 shares of HK$0.01 each. The following alterations in the issued and paid up share capital of our Company have taken place since its date of incorporation up to the date of this prospectus:

(a) on 8 October 2015, one Share of HK$0.01 was allotted and issued fully-paid as the subscriber's shares to Harneys Services (Cayman) Limited, an Independent Third Party, which in turn transferred such one Share to JC International at par on 14 October 2015.

(b) on 15 January 2016, 99 Shares of par value of HK$0.01 each was allotted and issued fully-paid to JC International.

(c) on 15 August 2016, the sole Shareholder resolved to increase the authorised share capital of our Company from HK$380,000 to HK$2,000,000 by the creation of an additional of 162,000,000 Shares, each carry the same rights with our shares then in issue in all respects.

(d) on 21 February 2017, the sole Shareholder resolved that, conditional on the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK$239,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par

23,999,900 Shares for allotment and issue to the Shareholders whose names appeared in the register of members of our Company at close of business on the date which the said resolution has been passed (or another date as our Directors may direct) to their respective shareholdings in our Company.

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Capitalisation Issue and the Share Offer.

Authorised share capital:		*HK$*
200,000,000	Shares of HK$0.01 each	2,000,000
Issued and to be issued, fully paid or credited as fully paid:		
100	Shares in issue as at the date of this prospectus	1
23,999,900	Shares to be issued pursuant to the Capitalisation Issue	239,999
8,000,000	Shares to be issued pursuant to the Share Offer	80,000
32,000,000	Total	320,000

The above table assumes that the Share Offer becomes unconditional and Shares are issued pursuant to the Share Offer. It takes no account of any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

As at the date of this prospectus, our Company had an authorised share capital of HK$2,000,000, divided into 200,000,000 Shares, and an issued share capital of HK$1, divided into 100 Shares, all fully paid or credited as fully paid.

Immediately following the completion of the Capitalisation Issue and the Share Offer, the issued share capital of our Company will be HK$320,000, divided into 32,000,000 Shares, all fully paid or credited as fully paid and 168,000,000 Shares will remain unissued.

Save as disclosed above and in the sub-section headed "A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 21 February 2017" below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of the sole Shareholder passed on 21 February 2017

Pursuant to the written resolutions of the sole Shareholder passed on 21 February 2017, among other things:

(a) our Company approved and adopted the Memorandum and Articles of Association conditional upon the Listing;

(b) conditional upon (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price being fixed on or around the Price Determination Date; (iii) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(1) the Capitalisation Issue and the Share Offer were approved and our Directors were authorised to effect the same and to allot and issue the new Shares pursuant to the Share Offer and the Capitalisation Issue;

(2) the proposed Listing was approved and our Directors were authorised to implement the Listing;

(3) conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK$239,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 23,999,900 Shares for allotment and issue to the Shareholders of our Company whose names appeared on the register of members of our Company as at the close of business on the date which the said resolution has been passed (or another date as our Directors may direct) to their respective shareholdings in our Company, and the Shares allotted and issued shall carry the same rights as the then existing issued Shares;

(4) a general unconditional mandate was granted to our Directors to, inter alia, allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by our Directors other than pursuant to (A) a rights issue, (B) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, or (C) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(i) 20% of the total nominal or par value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and

(ii) The total nominal or par value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (5) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (A) the conclusion of our next annual general meeting, (B) the expiration of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting; or (C) the date on which the resolution is varied, revoked or renewed by an ordinary resolution of the Shareholders in a general meeting (the "**Relevant Period**") (the "**Issue Mandate**");

(5) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the GEM Listing Rules with an aggregate nominal value of not more than 10% of the aggregate nominal or par value of our Company's share capital in issue immediately following the completion of the Capitalisation Issue and the Share Offer, such mandate to remain in effect during the Relevant Period (the "**Repurchase Mandate**"); and

(6) the Issue Mandate as referred to in sub-paragraph (4) above was extended by an amount representing the aggregate nominal or par value of the Shares repurchased by our Company pursuant to the Repurchase Mandate as referred to in sub-paragraph (5) above.

B. OUR OPERATING SUBSIDIARIES

The particulars of our operating subsidiaries are provided in the Accountants' Report, the text of which is set out in Appendix I in this prospectus.

C. FURTHER INFORMATION ON OUR SUBSIDIARIES

Save as disclosed in the sub-section headed "E. Corporate Reorganisation" below in this appendix and the section headed "History and Corporate Structure — Reorganisation" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

D. REPURCHASE BY OUR COMPANY OF OUR OWN SECURITIES

This section set out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

1. Relevant legal and regulatory requirements

The GEM Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions of the Sole Shareholder passed on 21 February 2017, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase up to 10% of the aggregate nominal or par value of the share capital of our Company in issue immediately following completion of the Share Offer on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose). The Repurchase Mandate will remain in effect during the Relevant Period.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, under the Cayman Islands Company Law, any repurchases by our Company may be made out of our Company's profits, out of our Company's share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase, or, if authorised by the Articles of Association and subject to the Cayman Islands Company Law, out of capital. Any amount of premium payable on a purchase over the par value of the Shares to be repurchased must be out of either or both of our Company's profits or our Company's share premium account, or, if authorised by the Articles of Association and subject to the Cayman Islands Company Law, out of capital.

(c) Trading restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The GEM Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) Suspension of repurchase

Pursuant to the GEM Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the GEM Listing Rules); and (ii) the deadline for a listed company to publish an announcement of its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(e) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(f) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

2. Reasons for repurchases

Our Directors believe that it is in our Company's and the Shareholders' best interests for our Directors to have general authority from the Shareholders to enable our Company to execute repurchases of the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

3. Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our Company's current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, there might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

4. General

The exercise in full of the Repurchase Mandate, on the basis of 32,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue could accordingly result in up to approximately 3,200,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Codes on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interests, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of Shares on the Stock Exchange. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the GEM Listing Rules requirements regarding the public shareholding referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

E. CORPORATE REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the listing of the Shares on the Stock Exchange. Please refer to the section headed "History and Corporate Structure — Reorganisation" in this prospectus for further details.

F. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) an instrument of transfer dated 7 August 2015 entered into between Mr. Benny Choi and JC HK for the transfer of one ordinary share of JC Design for nil consideration to JC HK;

(b) an instrument of transfer dated 15 January 2016 entered into between Mr. Charles Choi and JC Fashion Group Limited (being the former name of our Company) for the transfer of 10 ordinary shares of JC BVI for the consideration of allotment and issue of 99 Shares to JC International;

(c) the Deed of Indemnity;

(d) the Deed of Non-Competition; and

(e) the Public Offer Underwriting Agreement.

2. Our intellectual property rights

Domain name

As at the Latest Practicable Date, we have registered the following domain name:

Domain name	Name of applicant	Domain name commencement date	Expiry date
www.jcfash.com	JC Fashion Group Limited	22 December 2001	22 December 2020

G. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests and short positions of our Directors and chief executives of our Company in the shares, underlying shares or debentures of our Company and our associated corporations*

Immediately following the completion of the Share Offer and the Capitalisation Issue, the interests or short positions of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our 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 which will be required, pursuant to Section 352 of the SFO, to be entered into in the register referred to in that section, or which will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

Long position in our Shares

Name of Director	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Charles Choi *(Note 1)*	Interest in a controlled corporation	24,000,000	75%

Note:

1. Mr. Charles Choi directly owns 100% of JC International, which will in turn hold approximately 75% of the issued share capital of our 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.

(b) Interests and short positions of substantial Shareholders in the Shares or underlying Shares of our Company

So far as is known to any Director or chief executive of our Company, immediately following completion of the Share Offer and the Capitalisation Issue, the following persons (other than a Director or chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Long position in our Shares

Name of substantial Shareholder	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
JC International*(Note 1)*	Beneficial owner	24,000,000	75%

Note:

1. Mr. Charles Choi directly owns 100% of JC International, which will in turn hold approximately 75% of the issued share capital of our 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.

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our subsidiaries.

2. Directors' service contracts

None of our Directors has entered or is proposed to enter into a service contract or an appointment letter with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors for the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 was approximately HK$1.0 million, HK$0.4 million and HK$0.2 million, respectively.

There was no arrangement under which a Director waived or agreed to waive any remuneration for any of the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016 by any member of our Group to any of our Directors.

Under the arrangements currently in force, our Company estimates the aggregate remuneration payable to, and benefits in kind receivable by (excluding any discretionary bonuses), our Directors in respect of the year ending 30 April 2017 to be approximately HK$0.7 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

4. Personal guarantees

Save as disclosed in this prospectus, at the Latest Practicable Date, our Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to our Group.

5. Agency fees or commission received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors and experts referred to in the sub-section headed "H. Other information — 6. Qualifications of experts" below in this Appendix) in connection with the issue or sale of any capital or security of our Company or any of member of our Group within the two years preceding the date of this prospectus.

6. Related-party transactions

Details of the related-party transactions are set out under note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executives of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% 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 our Group;

(c) none of our Directors nor any of the persons listed in the sub-section headed "H. Other information — 6. Qualifications of experts" below in this Appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(e) none of the persons listed in the sub-section headed "H. Other information — 6. Qualifications of experts" below in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of the persons listed in the sub-section headed "H. Other information — 6. Qualifications of experts" below in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(g) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(h) so far as is known to our Directors, none of our Directors or their close associates or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest suppliers or customers of our Group.

H. OTHER INFORMATION

1. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors to be pending or threatened against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

2. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for the Listing is HK$7.5 million.

The Sole Sponsor has made an application on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

3. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2016 (being the date to which the latest audited combined financial statements of our Group were prepared).

4. Tax and other indemnities

(a) Tax on dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

(b) Profits tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(c) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(d) Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

(e) Deed of indemnity

Pursuant to the Deed of Indemnity given by our Controlling Shareholders in favor of our Company (and its subsidiaries) and conditional on the fulfillment of the conditions stated in the section headed "Structure and Condition of the Share Offer — Conditions of the Public Offer" in this prospectus, our Controlling Shareholders have agreed and undertaken to each of the members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against any taxation falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other events, acts or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, the aforesaid provision shall require each of our Controlling Shareholders to indemnify and at all times keep each of the members of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority.

Under the Deed of Indemnity, our Controlling Shareholders have also agreed and undertaken to each of members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by our Company and/or any members of our Group resulting from (i) the Reorganisation; (ii) any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted by or against our Company and/or any of the members of our Group in relation to events occurred on or before the Listing Date; and (iii) and any and all of the non-compliances of any of the members of our Group with the Companies (WUMP) Ordinance and the Companies Ordinance or other applicable laws, rules or regulations in their respective place of incorporations or operation which has occurred at any time on or before the Listing Date.

However, the indemnities given by our Controlling Shareholders under the Deed of Indemnity do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

(i) to the extent that provision has been made for such taxation and taxation claim in the audited combined accounts of our Group or the audited accounts of any of the members of our Group for an accounting period ended on or before 30 April 2016 and the four months ended 31 August 2016;

(ii) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(iii) falling on any members of our Group in respect of any accounting period commencing on or after 30 April 2016 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders or any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

(1) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the Listing Date; or

(2) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this prospectus;

(iv) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability; and

(v) to the extent of any provision or reserve made for such liability in the audited accounts referred to in paragraph (i) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

(f) Consultation with professional advisors

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, the Shares.

5. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of any member of our Group; and

(v) no founders, management or deferred shares of our Company or any of its subsidiaries has been issued or agreed to be issued;

(b) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(c) our Company has no outstanding convertible debt securities;

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;

(e) our Directors have been advised that the adoption of a Chinese name by our Company does not contravene Cayman Islands law;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(h) our principal share register will be maintained by our principal registrar, Harneys Services (Cayman) Limited in the Cayman Islands and our Hong Kong share register will be maintained by Boardroom Share Registrars (HK) Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

6. Qualifications of experts

The following are the qualifications of experts who have opined or advised on information contained in this prospectus:

Name	Qualification
Anglo Chinese Corporate Finance, Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Harney Westwood & Riegels	Legal advisers to our Company as to the laws of the Cayman Islands
Frost & Sullivan International Limited	Industry consultant
Baker Tilly Hong Kong Risk Assurance Limited	Internal control consultant
Ms. Lam, Priscilia T.Y.	Barrister-at-law in Hong Kong

7. Consents of experts

Each of Anglo Chinese Corporate Finance, Limited, Deloitte Touche Tohmatsu, Harney Westwood & Riegels, Frost & Sullivan, Baker Tilly and Ms. Lam, Priscilia T.Y. has given and has not withdrawn its/her consent to the issue of this prospectus with the inclusion of its/her report and/or letter and/or legal opinion and/or legal memorandum (as the case may be) and references to its/her name included in the form and context in which it respectively appears. None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Promoters

Our Company has no promoter for the purposes of the GEM Listing Rules.

9. Preliminary expenses

The estimated preliminary expenses of our Company are approximately US$5,854 and were payable or paid by our Company's internal funding.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of binding all persons concerned by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable.

The English text of this prospectus shall prevail over its Chinese text.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the **WHITE** and **YELLOW** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — F. Further information about our business — 1. Summary of material contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — H. Other information — 7. Consents of experts" in Appendix IV to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Peter Yuen & Associates (in association with Fangda Partners) at 26/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles of Association of our Company;

(b) the Accountants' Report and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in the section headed "Accountants' Report" in Appendix I to this prospectus and the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus, respectively;

(c) the audited report on the combined financial statements of our Group for each of the year ended 30 April 2015 and 30 April 2016 and the four months ended 31 August 2016;

(d) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor as to the laws of the Cayman Islands, summarising certain aspects of the Cayman Islands Company Law referred to in the section headed "Summary of the Constitution of our Company and the Cayman Islands Company Law" in Appendix III to this prospectus;

(e) the industry report prepared by Frost & Sullivan;

(f) the material contracts referred to in the section headed "Statutory and General Information — F. Further information about our business — 1. Summary of material contracts" in Appendix IV to this prospectus;

(g) the written consents referred to in the section headed "Statutory and General Information — H. Other information — 7. Consents of experts" in Appendix IV to this prospectus;

(h) the Cayman Islands Company Law; and

(i) the legal opinions prepared by Ms. Lam, Priscilia T. Y. in respect of certain aspects of Hong Kong law applicable to our Group.