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Season Pacific Holdings Limited

雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8127)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

This announcement, for which the directors (the “Directors”) of Season Pacific Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

The board of Directors (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2016 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	For the year ended 31 March	
		2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	155,933	140,739
Cost of sales	4	(115,070)	(103,512)
Gross profit		40,863	37,227
Other income	3	852	146
Selling expenses	4	(3,094)	(3,557)
General and administrative expenses	4	(30,900)	(15,805)
Operating profit		7,721	18,011
Finance expenses		–	(6)
Profit before income tax		7,721	18,005
Income tax expense	6	(3,582)	(3,225)
Profit and total comprehensive income for the year attributable to owners of the Company		<u>4,139</u>	<u>14,780</u>
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	8	<u>0.45</u>	<u>2.20</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

		As at 31 March	
	Notes	2016 HK\$'000	2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	954	1,418
Deferred income tax asset		262	164
Prepayments and deposits	10	5,784	–
		<u>7,000</u>	<u>1,582</u>
Current assets			
Trade and bills receivables, prepayments and deposits	10	15,884	15,745
Cash and cash equivalents		29,560	29,366
		<u>45,444</u>	<u>45,111</u>
Total assets		<u><u>52,444</u></u>	<u><u>46,693</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	10,000	–
Other reserves		9,820	10
Retained earnings		16,409	24,270
Total equity		<u>36,229</u>	<u>24,280</u>
Non-current liability			
Provision for reinstatement cost	12	250	–
Current liabilities			
Trade, bills and other payables	12	14,806	10,186
Amount due to a director		–	6,928
Current income tax liabilities		1,159	5,299
		<u>15,965</u>	<u>22,413</u>
Total liabilities		<u><u>16,215</u></u>	<u><u>22,413</u></u>
Total equity and liabilities		<u><u>52,444</u></u>	<u><u>46,693</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve (Note) HK\$'000	Retained earnings HK\$'000	
Balance at 1 April 2014	–	–	10	9,490	9,500
Total comprehensive income					
Profit for the year ended 31 March 2015	–	–	–	14,780	14,780
Balance at 31 March 2015 and 1 April 2015	–	–	10	24,270	24,280
Total comprehensive income					
Profit for the year ended 31 March 2016	–	–	–	4,139	4,139
Transactions with owners in their capacity as owners					
Dividends (Note 7)	–	–	–	(12,000)	(12,000)
Shares issued upon capitalisation (Note 11)	8,500	(8,500)	–	–	–
Shares issued for placing (Note 11)	1,500	21,000	–	–	22,500
Listing expenses charged to share premium (Note 11)	–	(2,690)	–	–	(2,690)
Total transactions with owners in their capacity of owners	10,000	9,810	–	(12,000)	7,810
Balance at 31 March 2016	10,000	9,810	10	16,409	36,229

Note: Capital reserve of HK\$10,000 represented the difference between the combined capital of group subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof, please refer to note 1.2.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

The Company was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong.

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

The shares of the Company (the "Share(s)") were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited by way of placing (the "Listing") on 7 October 2015 (the "Listing Date").

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

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Business was carried out by companies now comprising the Group (collectively the "Subsidiaries"). The Subsidiaries were collectively controlled by Mr. Cheung Lui ("Mr. Cheung") immediate before and after the group reorganisation prior to the Listing (the "Reorganisation").

Pursuant to the Reorganisation, the Company acquired the shareholding interests in the Business through the following steps:

- (i) On 21 July 2014, Seazon Pacific Limited ("Seazon Pacific") disposed of its interests in Unkut International Limited ("Unkut") to Fine Sight Enterprises Limited ("Fine Sight"), a company wholly owned by Mr. Cheung, at a consideration of HK\$10,000.
- (ii) On 13 February 2015, the issued share capital of Fine Sight was enlarged from US\$50,000 to US\$100,000 by allotting and issuing 35,000 shares at its par value of US\$1 to Mr. Cheung. At the same time, Fine Sight issued 15,000 shares to Success Time Holdings Limited ("Success Time") which was solely owned by Mr. Yip Chung Wai David ("Mr. Yip") at consideration of HK\$8,000,000.
- (iii) On 2 April 2015, Trinity Ally Limited ("Trinity Ally") was incorporated in the British Virgin Islands (the "BVI") with one share allotted and issued at par value of US\$1 to Fine Sight on 5 June 2015.
- (iv) On 2 April 2015, Alpha Direct was incorporated in the BVI with one share allotted and issued at par value of HK\$1 to Mr. Cheung on 24 April 2015.
- (v) On 10 April 2015, Mr. Cheung transferred 8% equity interest of Fine Sight to Wise Manner Limited ("Wise Manner") which was solely owned by Ms. Martine Mang Ngai ("Ms. Mang") at a consideration of HK\$4,266,667. Since then, Fine Sight was ultimately owned as to 77% by Mr. Cheung, 15% by Mr. Yip and 8% by Ms. Mang.

- (vi) On 11 May 2015, the Company was incorporated in the Cayman Islands with one share allotted and issued at par value of HK\$0.01 to a first subscriber, who then transferred the share to Alpha Direct. On the same date, 76, 15 and 8 shares were allotted and issued at its par value of HK\$0.01 to Alpha Direct, Success Time and Wise Manner, respectively.
- (vii) On 17 September 2015, all the entire issued share capital of Seazon Pacific held by Fine Sight were transferred to Trinity Ally for a consideration of allotting and issuing 99 shares in Trinity Ally to Fine Sight. As a result, Seazon Pacific became a wholly owned subsidiary of Fine Sight through Trinity Ally.
- (viii) On 22 September 2015, the Company acquired Trinity Ally from Fine Sight for a consideration of allotting and issuing 900 shares to Fine Sight. Since then, Trinity Ally became a wholly owned subsidiary of the Company and the Company was owned as to 900 shares by Fine Sight. As a result, the Company was owned as to 90% by Fine Sight, 7.7% by Alpha Direct, 1.5% by Success Time and 0.8% by Wise Manner.
- (ix) On 22 September 2015, Fine Sight declared a distribution in specie to distribute all its interests in the Company to its shareholders. Mr. Cheung nominated Alpha Direct for the purpose of holding his interests in the Company under the distribution in specie. As a result, the Company was owned as to 77% by Alpha Direct, 8% by Wise Manner and 15% by Success Time.

After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

On 7 October 2015, the Shares have been listed on GEM by way of placing. Upon Listing, 150,000,000 new Shares at par value of HK\$0.01 each were allotted and issued at a price of HK\$0.15 per Share (the “Placing”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The consolidated financial statements of Season Pacific Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention.

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

- (a) The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2015:

HKAS 19 (Amendment)	Defined benefit plans: Employee contributions
Annual Improvement Project	Annual improvements to HKFRS 2010–2012 cycle
Annual Improvement Project	Annual improvements to HKFRS 2011–2013 cycle

- (b) The following new, revised and amended standards have been issued but are not yet effective and have not been early adopted:

HKAS 1 (Amendment)	Disclosure initiative ¹
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation ¹
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants ¹
HKAS 27 (Amendment)	Equity method in separate financial statements ¹
HKFRS 9	Financial instruments ²
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture ⁴
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception ¹
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations ¹
HKFRS 14	Regulatory deferral accounts ¹
HKFRS 15	Revenue from contracts with customers ²
HKFRS 16	Leases ³
Annual Improvement Project	Annual improvements 2012–2014 cycle ¹

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2016
² Effective for annual periods beginning on or after 1 January 2018
³ Effective for annual periods beginning on or after 1 January 2019
⁴ The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Management is in the process of making an assessment on the impact of these standards and amendments to existing HKASs and HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

(c) **New Hong Kong Companies Ordinance (Cap. 622)**

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 SEGMENT INFORMATION

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

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

Analysis of revenue and other income is as follows:

	For the year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Sales of goods	<u>155,933</u>	<u>140,739</u>
Other income		
Service fee income	852	133
Gain from disposal of a subsidiary	–	13
	<u>852</u>	<u>146</u>
Total revenue and other income	<u>156,785</u>	<u>140,885</u>

Revenue from external customers is analysed by region as follows:

	For the year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Middle East	51,857	54,482
America	48,491	7,988
Europe	46,333	64,514
Asia Pacific	7,402	13,755
Africa	1,850	–
	<u>155,933</u>	<u>140,739</u>

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

	For the year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	42,783	50,259
Customer B	27,151	–
Customer C and D (<i>Note</i>)	21,936	36,274
Customer E	<u>1,825</u>	<u>16,534</u>

Note: Both customer C and customer D sourced the same categories of apparel products for the same French brand and they are under common management. Therefore, management considers these two customers as a whole.

4 EXPENSES BY NATURE

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Cost of goods sold	105,957	95,504
Sales commission		
— to a related company	670	2,310
— to third parties	879	1,003
Depreciation of property, plant and equipment (<i>Note 9</i>)	1,297	1,197
Reversal of provision for impairment of trade receivables (<i>Note 10</i>)	(58)	(39)
Operating lease rentals in respect of		
— office	3,133	2,733
— staff quarter	758	730
— warehouse	—	218
— car park	205	193
Auditors' remuneration		
— Audit services	1,080	300
— Non-audit services	—	—
Design fee	1,887	—
Employee benefit expenses (<i>Note 5</i>)	13,628	11,620
Entertainment and travelling expenses	1,831	1,631
Listing expenses	13,166	1,542
Other expenses	4,631	3,932
	<u>149,064</u>	<u>122,874</u>

5 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Salaries, bonus and other short-term employee benefits	13,064	11,170
Provision for unutilised annual leave	117	63
Pension costs — defined contribution plans	447	387
	<u>13,628</u>	<u>11,620</u>

6 INCOME TAX EXPENSE

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

	For the year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong profits tax		
— Current income tax	3,680	3,389
— Deferred income tax	(98)	(164)
	<u>3,582</u>	<u>3,225</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

7 DIVIDENDS

	For the year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Nil dividend (2015: HK\$1,200 per ordinary share)	<u>—</u>	<u>12,000</u>

The directors do not recommend the payment of a dividend for the year ended 31 March 2016.

Dividends of HK\$12,000,000 out of the profits of Seazon Pacific for the year ended 31 March 2015 were approved on 4 June 2015 and were fully paid on 31 August 2015.

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the 693 ordinary shares of the Company issued to Alpha Direct during the Reorganisation (Note 1.2) and the additional 654,499,230 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 1 April 2014; the 135 ordinary shares of the Company issued to Success Time during the Reorganisation (Note 1.2) and the additional 127,499,850 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 13 February 2015; and the 72 ordinary shares of the Company issued to Wise Manner during the Reorganisation (Note 1.2) and the additional 67,999,920 shares under the capitalisation on 22 September 2015 were treated as if they had been in issue since 10 April 2015.

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	<u>4,139</u>	<u>14,780</u>
Weighted average number of ordinary shares in issue	<u>920,868,853</u>	<u>670,917,808</u>
Basic earnings per share (HK cents per share)	<u>0.45</u>	<u>2.20</u>

(b) Diluted

Diluted earnings per share for the years ended 31 March 2016 and 2015 are equal to the basic earnings per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 March 2016 and 2015.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Computer equipment	Fitting and furniture	Motor vehicle	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 March 2015						
Opening net book value	1,909	52	557	3	–	2,521
Additions	–	–	93	1	–	94
Depreciation	(954)	(13)	(229)	(1)	–	(1,197)
Closing net book value	955	39	421	3	–	1,418
At 31 March 2015						
Cost	2,826	64	759	4	–	3,653
Accumulated depreciation	(1,871)	(25)	(338)	(1)	–	(2,235)
Net book value	955	39	421	3	–	1,418
Year ended 31 March 2016						
Opening net book value	955	39	421	3	–	1,418
Additions	–	–	101	2	730	833
Depreciation	(955)	(13)	(279)	(1)	(49)	(1,297)
Closing net book value	–	26	243	4	681	954
At 31 March 2016						
Cost	2,826	64	860	6	730	4,486
Accumulated depreciation	(2,826)	(38)	(617)	(2)	(49)	(3,532)
Net book value	–	26	243	4	681	954

Depreciation expenses of HK\$1,297,000 (2015: HK\$1,197,000) have been charged to the general and administrative expenses for the year ended 31 March 2016.

10 TRADE AND BILLS RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Gross trade and bills receivables	9,996	13,931
Provision for impairment of trade receivables	–	(58)
Trade and bills receivables, net of provision	9,996	13,873
Prepaid incentive fee (<i>Note (a)</i>)	4,954	–
Payment in advance to suppliers	4,087	–
Rental deposits	1,891	987
Deferred listing cost	–	474
Prepayments	581	393
Other receivables	159	18
	21,668	15,745
Less: Non-current portion		
Long-term portion of prepaid incentive fee	(3,954)	–
Long-term portion of rental deposits	(1,830)	–
	15,884	15,745

Note:

- (a) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited (“Asian Succeed”), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group’s products and services to the Group for a period of five years. On the commencement date, 15 March 2016, the Group shall pay a sign up and incentive fee to Asian Succeed of HK\$5,000,000. As at 31 March 2016, the Group recognised HK\$4,954,000 as prepaid incentive fee to Asian Succeed and HK\$5,000,000 as incentive fee payable to Asian Succeed in the consolidated statement of financial position as these amounts were not yet settled before year end. The prepaid incentive fee is subject to amortisation of five years and an incentive fee of HK\$46,000 has been charged to the consolidated statement of comprehensive income during the year ended 31 March 2016.

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

The Group’s sales are with credit terms of up to 90 days. The ageing analysis of trade and bills receivables, net of provision, based on due date, is as follows:

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Current	3,576	10,581
1 to 30 days	3,083	739
31 to 60 days	916	160
61 to 90 days	2,324	313
Over 90 days	97	2,080
Past due but not impaired	6,420	3,292
Total trade and bills receivables, net of provision	9,996	13,873

As at 31 March 2016, trade receivables of HK\$6,420,000 (2015: HK\$3,292,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

As at 31 March 2016, no trade receivables were impaired.

As at 31 March 2015, trade receivables of HK\$58,000 were impaired and full provision was made. The individually impaired receivables related to two independent customers which were in unexpectedly difficult economic situations, and it was assessed that the full amounts were not expected to be recovered. The ageing analysis of these receivables is as follows:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Over 90 days	<u> – </u>	<u> 58 </u>

Movements on the provision for impairment of trade receivables are as follows:

	<i>HK\$'000</i>
At 1 April 2014	1,295
Reversal of provision for impairment of trade receivables	(39)
Receivables written off during the year as uncollectible	<u>(1,198)</u>
At 31 March and 1 April 2015	58
Reversal of provision for impairment of trade receivables	<u>(58)</u>
At 31 March 2016	<u> – </u>

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

11 SHARE CAPITAL

Authorised share capital

	Number of ordinary shares	Nominal value of ordinary shares
		<i>HK\$</i>
As at 11 May 2015 (date of incorporation) (<i>Note (a)</i>)	38,000,000	380,000
Increase in authorised share capital (<i>Note (c)</i>)	<u>9,962,000,000</u>	<u>99,620,000</u>
As at 31 March 2016	<u>10,000,000,000</u>	<u>100,000,000</u>

Issued and fully paid

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>
As at 11 May 2015 (date of incorporation) (<i>Note (a)</i>)	100	1
Allotment of shares pursuant to the Reorganisation (<i>Note (b)</i>)	900	9
Capitalisation of shares (<i>Note (c)</i>)	849,999,000	8,499,990
Shares issued for placing (<i>Note (d)</i>)	<u>150,000,000</u>	<u>1,500,000</u>
As at 31 March 2016	<u><u>1,000,000,000</u></u>	<u><u>10,000,000</u></u>

Notes

- (a) On 11 May 2015, the Company was incorporated in the Cayman Islands with one share allotted and issued at par value of HK\$0.01 to a first subscriber, who then transferred the share to Alpha Direct. On the same date, 76, 15 and 8 shares were allotted and issued at its par value of HK\$0.01 to Alpha Direct, Success Time and Wise Manner, respectively.
- (b) On 22 September 2015, the Company acquired Trinity Ally from Fine Sight for a consideration of allotting and issuing 900 shares to Fine Sight.
- (c) On 22 September 2015, the authorised share capital of the Company increased from HK\$380,000 to HK\$100,000,000 by the creation of additional 9,962,000,000 shares of HK\$0.01 each. On the same date, the Company capitalised an amount of HK\$8,499,990 by charging to the share premium account of the Company at condition and that the said sum to be applied in paying up in full for 849,999,000 shares. Such shares are allotted and issued, credited as fully paid to the then shareholders of the Company.
- (d) In connection with the Company's listing on GEM on 7 October 2015, 150,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.15 per Share for a total consideration of HK\$22,500,000 with issuance costs amounted to HK\$2,690,000 being charged to share premium. This resulted in share premium of approximately HK\$18,310,000.

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

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Trade and bills payable	4,440	5,316
Commission payable		
— to a related company	—	2,310
— to a third party	106	56
Receipts in advance from customers	1,309	1,070
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	1,062	512
Incentive fee payable (<i>Note 10(a)</i>)	5,000	—
Design fee payable	1,793	—
Other accruals and payables	1,096	672
	<u>15,056</u>	<u>10,186</u>
Less: Non-current portion		
Provision for reinstatement cost	(250)	—
	<u>14,806</u>	<u>10,186</u>

Trade and bills payable

As at 31 March 2016 and 2015, the aging analysis of the trade and bills payable based on due date is as follows:

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
Current	3,700	1,824
1 to 30 days	145	3,023
31 to 60 days	505	168
61 to 90 days	46	46
Over 90 days	44	255
	<u>4,440</u>	<u>5,316</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2016, the Group recorded an increase in revenue of approximately 10.8% as compared with that for the year ended 31 March 2015. The economy slowdown in major parts of the world since late 2015 placed considerable pressure on the Group's sales performance, in particular, customers in European market, the Group's largest sales region during the year ended 31 March 2015, became more price cautious and shifted demands from high-end and complex products to products with less design elements in order to lower the costs. As a result, sales to European market were adversely affected. Nevertheless, the Group continued its key strategic plan by putting more effort to further explore other markets so as to achieve sales growth. Such strategic plan was proven to be successful, as evidenced by the fact that the Group managed to secure new customers with relatively material agreements from American market and commenced sales to Africa during the year ended 31 March 2016. The Group has always been offering satisfactory supply chain management total solutions to retain existing customers, and at the same time the Group has been striving to expand the customer base and develop new customer portfolio, not only exploring new sales region but also offering various types of products/ services to best fit the customers' changing needs.

In prior financial year, the Group relied on Ms. Mang to introduce potential customers to the Group, growth potential of which may be limited in the event that Ms. Mang failed to continue to introduce so. During the year ended 31 March 2016, the Group has set up a new merchandising team focusing on sourcing new customers in the American market and entered into a consultancy agreement with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services for a period of five years. Though the Group has tried different means to lessen the reliance on Ms. Mang, the Group's business and financial condition may be adversely affected if both Ms. Mang and the newly hired consultant may not be able to introduce new business opportunities to the Group.

Non-recurring listing expenses of approximately HK\$13.2 million was recognised during the year ended 31 March 2016, which diluted the positive effect of the increase in revenue brought to the Group during the year ended 31 March 2016. As a result, the net profit attributable to the Shareholders decreased by approximately 72.3% for the year ended 31 March 2016 as compared with that for the year ended 31 March 2015.

On 7 October 2015, the Shares have been successfully listed on GEM by Placing. After deducting all the relevant commission and expenses borne by the Company, there are approximately HK\$5.1 million of net proceeds from the Placing. During the period from the Listing Date to 31 March 2016, approximately HK\$1.0 million was utilised in accordance with the business strategies as set out in the Company's prospectus dated 29 September 2015 in relation to the Placing (the "Prospectus"). Further details are set out in the section headed "Use of proceeds" in this announcement.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK\$155.9 million for the year ended 31 March 2016 from approximately HK\$140.7 million for the year ended 31 March 2015, representing an increase of approximately 10.8%. Such an increase in the Group's revenue was mainly attributable to new customers in the American market sourced by the Group during the year ended 31 March 2016, which was negated by the drop in sales to certain major customers in other regions.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold, employee benefit expenses and other direct costs. The cost of sales increased to approximately HK\$115.1 million for the year ended 31 March 2016 from approximately HK\$103.5 million for the year ended 31 March 2015, representing an increase of approximately 11.2%. The Group's cost of sales increased along with the growth in revenue for the year ended 31 March 2016.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$40.9 million for the year ended 31 March 2016 from approximately HK\$37.2 million for the year ended 31 March 2015, representing an increase of approximately 9.9%. The Group's gross profit margin maintained at a steady level of approximately 26.2% for the year ended 31 March 2016 and approximately 26.5% for the year ended 31 March 2015.

Other income

Other income mainly consists of service fee income. The Group's other income increased to approximately HK\$852,000 for the year ended 31 March 2016 from approximately HK\$146,000 for the year ended 31 March 2015, representing an increase of approximately 483.6%. The increase was mainly attributable to an increase in the Group's service fee income, which was generated from design services provided to more clients during the year ended 31 March 2016.

Selling expenses

Selling expenses mainly consist of sales commission paid to the external sales representatives and staff costs of in-house staff whose role are mainly focused on sourcing new customers. Selling expenses decreased to approximately HK\$3.1 million for the year ended 31 March 2016 from approximately HK\$3.6 million for the year ended 31 March 2015, representing a decrease of approximately 13.9%. The net decrease in the Group's selling expenses was mainly attributable to the drop in commission rate of one of the external sales representatives, which mitigated the impact of additional staff costs paid to a new merchandising team during the year ended 31 March 2016.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees, listing expenses and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK\$30.9 million for the year ended 31 March 2016 from approximately HK\$15.8 million for the year ended 31 March 2015, representing an increase of approximately 95.6%. Such an increase was mainly attributable to the recognition of non-recurring listing expenses of approximately HK\$13.2 million for the year ended 31 March 2016.

Profit and total comprehensive income attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased to approximately HK\$4.1 million for the year ended 31 March 2016 from approximately HK\$14.8 million for the year ended 31 March 2015, representing a decrease of approximately 72.3%. Recognition of the non-recurring listing expenses of approximately HK\$13.2 million during the year ended 31 March 2016 diluted the positive effect of the increase in revenue brought to the Group for the same period, thus a decrease in profit and total comprehensive income attributable to owners of the Company was noted for the year ended 31 March 2016 as compared with that for the year ended 31 March 2015.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2016, the Group mainly financed its operations with its own working capital and the net proceeds from the Placing. As at 31 March 2016 and 2015, the Group had net current assets of approximately HK\$29.5 million and HK\$22.7 million respectively, including cash and bank balances of approximately HK\$29.6 million and HK\$29.4 million respectively. The Group's current ratio increased from approximately 2.0 as at 31 March 2015 to approximately 2.8 as at 31 March 2016. Such an increase was mainly because of the repayment of an amount due to a director during the year ended 31 March 2016.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the period. As at 31 March 2015, the Group's gearing ratio was approximately 0.3 times, while the Group had nil balance of bank borrowings or payables incurred not in the ordinary course of business as at 31 March 2016.

TREASURY POLICIES

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

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises and staff quarter (2015: office premises and warehouse). The Group's operating lease commitments amounted to approximately HK\$7.1 million and HK\$3.5 million as at 31 March 2016 and 2015 respectively. As at 31 March 2016, the Group did not have any significant capital commitments (31 March 2015: nil).

CAPITAL STRUCTURE

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

SIGNIFICANT INVESTMENTS

As at 31 March 2016 and 2015, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2016 and 2015.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to HK\$ and Euro dollars ("EUR"). As at 31 March 2016 and 2015, foreign exchange risk on financial assets and liabilities denominated in EUR was insignificant to the Group. Although the Group's revenue and major expenses are mainly in US\$, which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging currently.

PLEDGE OF ASSETS

As at 31 March 2016, the Group did not pledge any of its assets (31 March 2015: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016 and 2015, the Group employed a total of 32 and 33 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2016 and 2015, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$13.6 million and HK\$11.6 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionary offered to those employees with outstanding performance.

USE OF PROCEEDS

The Shares have been successfully listed on GEM on 7 October 2015. The actual net proceeds from the Placing, after deducting commission and expenses borne by the Company in connection with the Placing, were approximately HK\$5.1 million (the “Actual Net Proceeds”), which were less than the estimated one stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from 1 October 2015 to 30 June 2018 (the “Period”) but with monetary adjustments to each business strategic plan on a pro rata basis. As the Placing completed after 30 September 2015, the estimated use of proceeds for the period ended 30 September 2015 as stated in the Prospectus would be foregone. Table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds for the six months ended 31 March 2016.

Business strategies as set out in the Prospectus	Adjusted	Actual use of
	allocation of the Actual Net Proceeds For the six months ended 31 March 2016	the Actual Net Proceeds
	<i>HK\$'000</i>	<i>HK\$'000</i>
Expand the geographical coverage of the Group's customers (<i>Note 1</i>)	315	315
Expand the geographical base of the Group's third-party manufacturers	145	70
Further develop the Group's design and development capabilities	225	225
Expand the Group's product types to further cater to customers' needs	172	172
General working capital	Note 2	221
Total	<u>857</u>	<u>1,003</u>

Notes:

1. The Actual Net Proceeds would only be utilised for, among others, salary of the team head for the new merchandising team subsequent to the Placing.
2. There is approximately HK\$330,000 for the Period.

FUTURE PROSPECTS

The Shares were successfully listed on GEM on 7 October 2015. The Board considers that such public listing status on the Stock Exchange allows the Company to access to the capital market for corporate finance exercise which assists the Company in the future business development, enhances the Group's corporate profile and recognition and strengthens the Group's competitiveness.

The Group always strives to remain flexible and sensitive to the increasing and changing needs of the customers and to create the best tailor-made design and product for them at a competitive price. Apart from setting up new merchandising teams and strengthening the design team with the net proceeds from the Placing as stated in the Prospectus, the Company has entered into a consultancy agreement with an independent third party for provision of consultancy services to the Group in relation to the sales of the Group's products and services for a period of five years. The Group expects such consultant, which has extensive network and immense experience in apparel industry worldwide, will introduce the Group new customers and business opportunities with the aim to further broaden the Group's customer base for continuous growth, if and when opportunity arises and with profound knowledge in the industry, will advise the Group appropriate strategies with respect to marketing and promotion of products of the Group on a global scale. The Directors are confident that the Group is able to expand the markets and types of customers served and to become a leading supply chain management company in Hong Kong.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, are as follows:

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Mr. Cheung	Interest in controlled corporation (<i>Note</i>)	554,500,000 (long position)	55.45%

Note: Alpha Direct is wholly-owned by Mr. Cheung. Therefore, Mr. Cheung is deemed to be interested in the Shares held by Alpha Direct under the SFO.

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, 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 member of the Group:

Name	Capacity/nature of interest	Number of Shares	Percentage of interest in the Company
Alpha Direct	Beneficial owner	554,500,000	55.45%
Ms. Ngan Shui Ling Crystal	Interest of spouse (<i>Note 1</i>)	554,500,000	55.45%
Success Time	Beneficial owner	87,500,000	8.75%
Mr. Yip	Interest in controlled corporation (<i>Note 2</i>)	87,500,000	8.75%
Ms. Chang Mei Nai Vinnie	Interest of spouse (<i>Note 2</i>)	87,500,000	8.75%
Wise Manner	Beneficial owner	68,000,000	6.8%
Ms. Mang	Interest in controlled corporation (<i>Note 3</i>)	68,000,000	6.8%

Notes:

- Alpha Direct is wholly-owned by Mr. Cheung. Ms. Ngan Shui Ling Crystal (“Mrs. Cheung”), being the spouse of Mr. Cheung, is deemed to be interested in all the Shares that Mr. Cheung is interested in. Accordingly, Mrs. Cheung is deemed to be interested in the 554,500,000 Shares held by Alpha Direct under the SFO.
- Success Time is wholly-owned by Mr. Yip. Ms. Chang Mei Nai Vinnie (“Mrs. Yip”), being the spouse of Mr. Yip, is deemed to be interested in all the Shares that Mr. Yip is interested in. Accordingly, each of Mr. Yip and Mrs. Yip is deemed to be interested in the 87,500,000 Shares held by Success Time under the SFO.
- Wise Manner is wholly-owned by Ms. Mang. Accordingly, Ms. Mang is deemed to be interested in the 68,000,000 Shares held by Wise Manner under the SFO.

Save as disclosed above, as at 31 March 2016, the Directors are not aware of any interests and short positions owned by any parties (other than a Director or chief executive of the Company) in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, 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 member of the Group.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2015 (the “Share Option Scheme”). No share options have been granted pursuant to the Share Option Scheme since its adoption.

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

During the period from the Listing Date to 31 March 2016, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the period from the Listing Date to 31 March 2016.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the year ended 31 March 2016.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2016 and up to the date of this announcement, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking of Ms. Mang and Wise Manner, details of which were set out in the Prospectus has been fully complied and enforced since the Listing Date and up to 31 March 2016. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors.

CORPORATE GOVERNANCE PRACTICES

The 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 ("CG Code"). The Shares were listed on GEM on 7 October 2015. Upon Listing, the Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the period from the Listing Date to 31 March 2016, the Company has complied with all the code provisions as set out in the CG Code except the deviation stated in the following paragraph.

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board is of the view that although Mr. Cheung is the chairman and chief executive officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Cheung and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 22 September 2015, the Group completed the Reorganisation, details of which are set out in note 1.2 to the financial statements in this announcement. Subsequent to the completion of the Reorganisation and up to 31 March 2016, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016. Dividends of HK\$12,000,000 out of the profits of Seazon Pacific for the year ended 31 March 2015 were proposed and approved on 4 June 2015. Such dividends were fully paid on 31 August 2015.

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 22 September 2015 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee have been revised on 30 March 2016 to reflect the additional responsibilities of the Audit Committee arising from the Stock Exchange’s amendments on risk management and internal control under the Code on Corporate Governance applicable to listed companies with an accounting period beginning on or after 1 January 2016. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee risk management and internal control systems of the Group.

The Audit Committee currently consists of three members, namely Mr. Ng Ka Lok (chairman of the Audit Committee), Mr. Choi Sheung Jeffrey and Ms. Luk Yung Yung Claire, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2016.

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

Hong Kong, 15 June 2016

As at the date of this announcement, the executive Directors are Mr. Chak Ka Wai and Mr. Cheung Lui, the non-executive Director is Ms. Chan Hong Nei Connie; and the independent non-executive Directors are Mr. Choi Sheung Jeffrey, Ms. Luk Yung Yung Claire and Mr. Ng Ka Lok.

This announcement will remain on the “Latest Company Announcements” page of the website of GEM (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at www.seasonpacific.com.