



南旋控股有限公司 Nameson Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1982



2018
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Ting Chung, *BBS, JP (Chairman and Chief Executive Officer)*
 Mr. Wong Wai Yue (*Vice Chairman*)
 Mr. Wong Wai Wing, Raymond
 Mr. Wong Ting Chun
 Mr. Li Po Sing
 Ms. Chan Mei Hing, Aurora

Non-executive Directors

Mr. Tam Wai Hung, David
 Mr. Wong Ting Kau
 Mr. Lau Ka Keung, *MH, JP*

Independent non-executive Directors

Ms. Fan Chiu Fun, Fanny, *GBM, GBS, JP*
 Mr. Kan Chung Nin, Tony, *SBS, JP*
 Mr. Ong Chor Wei
 Mr. Fan Chun Wah, Andrew, *JP*
 Ms. Lee Bik Kee, Betty

BOARD COMMITTEES

Audit Committee

Mr. Ong Chor Wei (*Chairman*)
 Mr. Kan Chung Nin, Tony, *SBS, JP*
 Mr. Tam Wai Hung, David
 Mr. Fan Chun Wah, Andrew, *JP*

Remuneration Committee

Mr. Kan Chung Nin, Tony, *SBS, JP (Chairman)*
 Mr. Wong Ting Chung, *BBS, JP*
 Mr. Ong Chor Wei

Nomination Committee

Mr. Wong Ting Chung, *BBS, JP (Chairman)*
 Mr. Kan Chung Nin, Tony, *SBS, JP*
 Mr. Ong Chor Wei

Executive Committee

Mr. Wong Ting Chung, *BBS, JP (Chairman)*
 Mr. Wong Wai Yue
 Mr. Wong Wai Wing, Raymond
 Mr. Wong Ting Chun
 Mr. Li Po Sing
 Ms. Chan Mei Hing, Aurora

COMPANY SECRETARY

Mr. Tao Chi Keung, *HKICPA, ACCA*

AUTHORISED REPRESENTATIVES

Mr. Wong Wai Wing, Raymond
 Ms. Chan Mei Hing, Aurora

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive
 PO Box 2681
 Grand Cayman, KY1-1111
 Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A–C, 21/F, Block 1
 Tai Ping Industrial Centre
 57 Ting Kok Road
 Tai Po, New Territories
 Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
 Cricket Square, Hutchins Drive
 PO Box 2681
 Grand Cayman, KY1-1111
 Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712–1716
 17th Floor
 Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

CORPORATE INFORMATION (CONTINUED)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

Reed Smith Richards Butler
20/F, Alexandra House
18 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

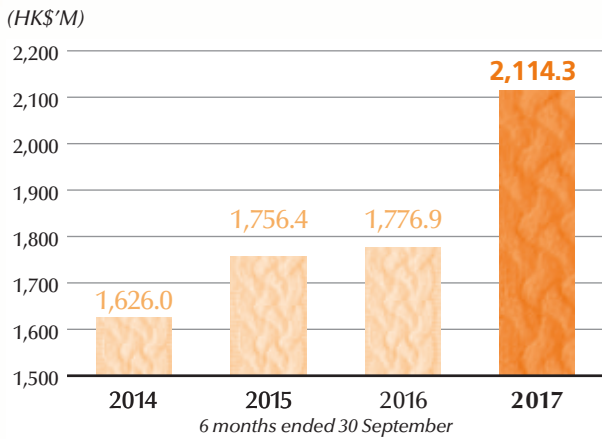
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WEBSITE OF THE COMPANY

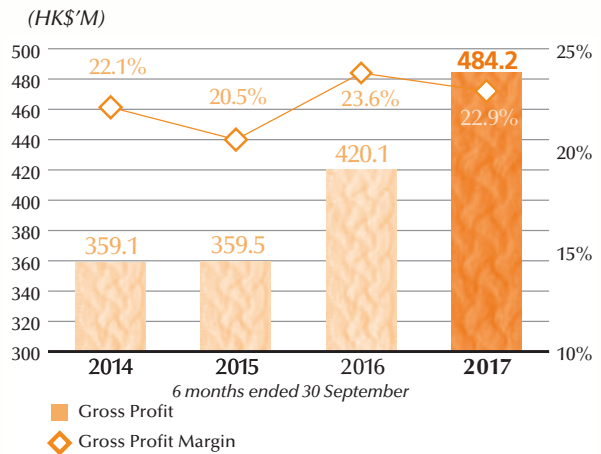
<http://www.namesonholdings.com>

FINANCIAL HIGHLIGHTS

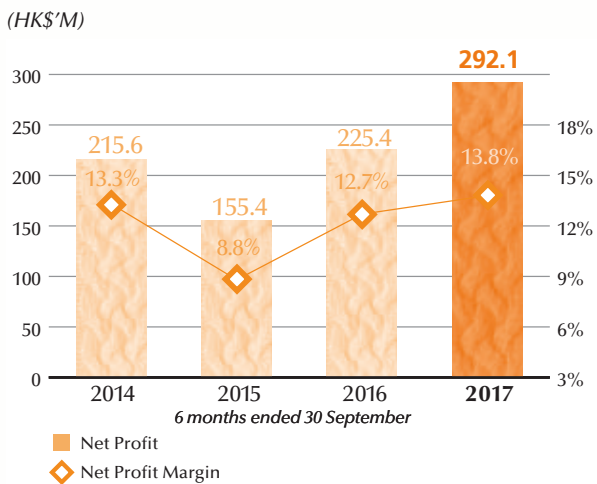
REVENUE



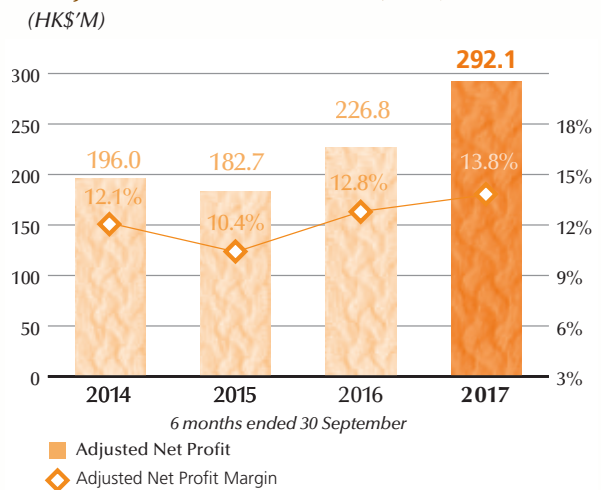
GROSS PROFIT



NET PROFIT

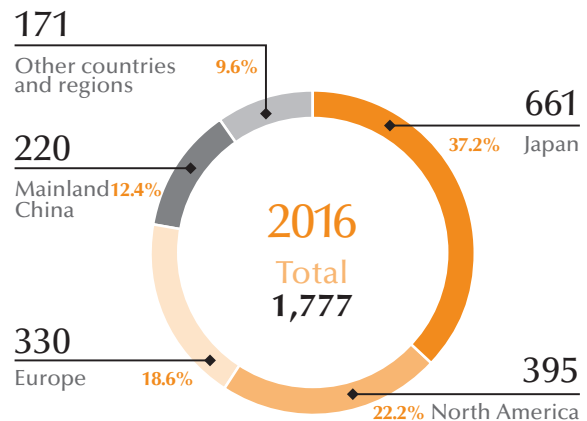
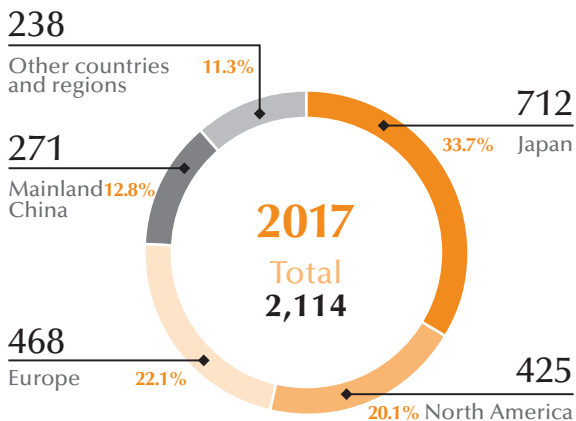


ADJUSTED NET PROFIT (Note)



REVENUE BY GEOGRAPHICAL REGIONS

(HK\$'M)



Note: Adjusted net profit is derived from profit attributable to the owners of the Company excluding (a) realised and unrealised gains/(losses) from derivative financial instruments and (b) listing expenses which are not considered as recurring in nature.

CHAIRMAN'S STATEMENT

To Our Respected Shareholders,

On behalf of the board of directors (the "Board") of Nameson Holdings Limited (the "Company"), I am pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2017.

MARKET REVIEW

The global economy maintained moderate growth during the first three quarters of 2017. The introduction of various favourable policies in China such as the internationalisation of the Renminbi and the "Belt and Road" strategy has brought about opportunities to the business environment. The Eurozone maintained promising momentum for economic recovery with improvement in economic outlook resulting from the declining unemployment rate and the strengthening of the Euro. Nevertheless, the global business environment was still affected by geopolitics and uncertainties in policies. The currently indefinite trade policy direction in the United States, together with the possibility of rising trade protectionism added uncertainties to its economy. Meanwhile, the Bank of Japan remains committed to maintaining its quantitative easing policy regardless of low inflation, whereas the economic outlook was still under challenge by the persistent trouble caused by structural problems.

In spite of the recorded growth of the global economy, the knitwear industry in China was affected by certain external uncertainties. According to China Customs statistics, the total export value of knitwear (including knitted products and crochet products, as well as knitted or crocheted clothing and accessories) from China between April and September 2017 amounted to US\$48.7 billion, representing a slight decrease of approximately 0.9% compared with the same period last year. The total export value to the United States, Japan and Europe from April to September 2017 also decreased compared with the same period last year. Although consumption was generally weak in different countries, export data of the textile and garment industry in Vietnam recorded growth. According to Vietnam Customs statistics, the country's total export value of textile and garments between April and September 2017 amounted to US\$13.6 billion, representing an increase of 7.8% compared with the same period last year. The total export value to Japan grew by approximately 2.5% to US\$1.54 billion; yet that to the United States dropped by approximately 7.4% compared with the same period last year.

BUSINESS REVIEW

In recent years, affected by the rising labour cost in China coupled with the increasingly stringent environmental protection requirements of the Chinese government, the textile industry has been undergoing transformation, upgrading itself from low efficiency and high energy consumption to efficient and streamlined sustainable growth. These trends have helped the textile industry in China to achieve further integration, which in turn has better benefitted the leading enterprises in the industry. In response to the shift of industry focus from quantity to quality, the Group has been committed to pursuing technological innovation while keeping abreast of the latest trends to stand out among industry peers. During the reporting period, the Group spearheaded the deployment of advanced wholegarment knitting machines and streamlined the linking production process, resulting in a reduction in labour cost alongside the addition of more stylish product series offerings. Leveraging its high level of productivity and control on product quality, the Group has always been favoured by internationally renowned brand customers over the years, driving sales in the first half of the financial year 2018 up by 19.0% to HK\$2,114.3 million from HK\$1,776.9 million in the same period last year. Moreover, as the second phase of the Vietnam Factory has gradually ramped up operations, expansion of production capacity has helped boost economies of scale and continued to generate synergies. Together with the low cost advantage enjoyed by the factory along with its foothold in Vietnam, the Group has managed to maintain its competitiveness in the industry. During the first half of the financial year 2018, the Group's net profit and net profit margin increased by 29.6% to HK\$292.1 million and 8.7% to 13.8%, respectively compared with the same period last year. The Board has recommended payment of an interim dividend of 5.0 HK cents per share to our shareholders as a reward for their unwavering support to the Group.

CHAIRMAN'S STATEMENT (CONTINUED)

As an industry-leading knitwear manufacturer, the Group's vertically integrated business model has been the key in maintaining its competitive edge. On top of its capability to provide customers with one-stop solutions within a short time, the Group's focus on both quality and quantity has also proved crucial in gaining recognition from many international brand apparel customers, enabling continued expansion of its customer base. The solid customer base coupled with continuous increase in number of customers has contributed to the Group's outstanding performance in each market. During the reporting period, revenue attributable to the European and Chinese markets significantly increased by 41.7% and 23.2% to HK\$467.5 million and HK\$271.2 million, respectively, compared with the same period last year, while the Japanese and North American markets also delivered a steady yet considerable growth in revenue. Heeding the growing market demand, the Group will continue to actively expand its market share in China. At the same time, the Group has been adhering to the development strategies of the internationalised production roadmap, under which the production efficiency of the Vietnam Factory has been continuously enhanced while the PRC Factory has focused on producing products with more sophisticated designs and a shorter delivery lead time. Flexible and rational arrangement of production with a rising level of automation have all been effective to enhance overall production efficiency. During the reporting period, under increasing operating efficiency as well as effective cost control measures, the Group's gross profit margin registered only a slight reduction to 22.9%, despite the impact of changes in product portfolio and the relatively strong Renminbi exchange rate.

PROSPECTS

Looking ahead, the market demand for knitwear products will continue to grow steadily. The Group remains focused on its knitwear product business. In the meantime, our management believes that the development of a more diversified business can help minimise the impact of seasonal fluctuations of the knitwear business of the Group and bring about complementary advantages as well as higher revenue growth. Given that knitted upper shoes have become a new fashion trend in recent years and the huge development potential of this business, the Group has decided to extend its reach to the manufacturing of knitted uppers for footwear and knitted upper shoes through the acquisition of V. Success Limited and its subsidiaries ("V. Success Group"). We believe that V. Success Group's knitted uppers for footwear and knitted upper shoes manufacturing business as well as its product development capabilities can create synergies with the Group's knitwear manufacturing business. Besides, V. Success Group's unique knitting techniques for knitted footwear uppers are also closely related and beneficial to the Group's development strategy of constantly enhancing its product standards.

The Group will continue to devote resources to and proactively strengthen our product designs as well as market research and analysis capabilities. We believe, that armed with robust research and development capabilities and via strategic expansion of production capacity together with a more diversified product portfolio, the Group will be able to consolidate its leading position in the industry and deliver better returns to our shareholders.

I hereby would like to express my heartfelt gratitude to the customers, suppliers, shareholders and staff of our Group for their support to and trust in the Group, as well as their contributions and efforts towards its further development.

Wong Ting Chung

Chairman and Chief Executive Officer

27 November 2017

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Nameson Holdings Limited (the “Company”) herewith announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2017. This interim financial report has been reviewed by the Company’s audit committee and the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

FINANCIAL REVIEW

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Revenue	2,114,317	1,776,867
Cost of sales	(1,630,089)	(1,356,766)
Gross profit	484,228	420,101
Other income	6,672	3,281
Other gains, net	20,908	6,175
Selling and distribution expenses	(24,536)	(22,429)
General and administrative expenses	(140,691)	(133,310)
Operating profit	346,581	273,818
Finance income	1,530	945
Finance expenses	(8,995)	(10,159)
Finance expenses, net	(7,465)	(9,214)
Profit before income tax	339,116	264,604
Income tax expenses	(47,002)	(39,217)
Profit for the period attributable to the owners of the Company	292,114	225,387
Add:		
Listing expenses	–	1,378
Adjusted net profit	292,114	226,765

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Revenue

Revenue of the Group represents revenue from sales of knitwear products, namely womenswear, menswear and other products such as childrenswear, scarfs, hats and gloves, to our customers.

The Group's revenue significantly increased by 19.0% to HK\$2,114.3 million for the six months ended 30 September 2017 from HK\$1,776.9 million for the six months ended 30 September 2016. The increase was primarily due to increase in both the average selling price of the Group's knitwear products and the sales volume of menswear, which was partially offset by the decrease in sales volume of womenswear.

The increase in the Group's revenue was largely in line with the increase in both the average selling price and total sales volume. The average selling price of the Group's knitwear products increased by 13.7% from HK\$91.1 per piece for the six months ended 30 September 2016 to HK\$103.6 per piece for the six months ended 30 September 2017, while the Group's sales volume increased by 4.6% from 19.5 million pieces of knitwear products for the six months ended 30 September 2016 to 20.4 million pieces of knitwear products for the six months ended 30 September 2017.

Consistent with the Group's geographical market distribution for the six months ended 30 September 2016, Japan, North America (mainly the United States of America) and Europe were still our top three markets for the six months ended 30 September 2017. The revenue attributable to the Japan market, North America market and Europe market accounted for 33.7%, 20.1% and 22.1% of the Group's total revenue for the six months ended 30 September 2017.

Cost of Sales

For the six months ended 30 September 2017, the Group incurred cost of sales of HK\$1,630.1 million. Cost of sales primarily consisted of cost of inventories, direct labour costs, subcontracting charges to our subcontractors, depreciation of property, plant and equipment, electricity and water and production overhead costs.

Gross Profit and Gross Profit Margin

During the six months ended 30 September 2017, the Group recorded gross profit of HK\$484.2 million and gross profit margin of 22.9% as compared to the gross profit of HK\$420.1 million and gross profit margin of 23.6% for the six months ended 30 September 2016.

The slight decrease in gross profit margin for the six months ended 30 September 2017 was mainly due to the effect of (i) changes in product mix; and (ii) appreciation of RMB during the period.

Other Income

Other income primarily consisted of rental income from staff quarter and rental income from investment properties. The other income increased by HK\$3.4 million from HK\$3.3 million for the six months ended 30 September 2016 to HK\$6.7 million for the six months ended 30 September 2017. Such increase was mainly due to the increases in rental income from investment properties and miscellaneous other income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Gains, Net

Other gains and losses primarily consisted of net foreign exchange gains or losses, net gains or losses on investments and net gains or losses on disposal of property, plant and equipment.

Other gains increased by HK\$14.7 million from HK\$6.2 million for the six months ended 30 September 2016 to HK\$20.9 million for the six months ended 30 September 2017. Such increase was primarily due to the Group disposed of some old machines resulting in net gains on disposal of property, plant and equipment of HK\$17.0 million for the six months ended 30 September 2017.

The other gains for the six months ended 30 September 2017 mainly represented net gains on disposal of property, plant and equipment of HK\$17.0 million, net foreign exchange gains of HK\$1.8 million and net gains on investments of HK\$2.1 million.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of transportation cost in relation to delivery of our knitwear products to customers, commission to the agents of our customers and advertising and promotion expenses.

The Group's selling and distribution expenses slightly increased by HK\$2.1 million, from HK\$22.4 million for the six months ended 30 September 2016 to HK\$24.5 million for the six months ended 30 September 2017. Such increase was mainly due to the increase in transportation cost and this is largely in line with the increase in the Group's revenue.

General and Administrative Expenses

General and administrative expenses primarily consisted of staff costs relating to management and administrative personnel, depreciation, insurance premium, donations and other incidental office expenses.

The Group's general and administrative expenses increased by HK\$7.4 million from HK\$133.3 million for the six months ended 30 September 2016 to HK\$140.7 million for the six months ended 30 September 2017. Such increase was mainly due to the increase in staff costs as a result of expansion of our administrative staff team and the annual salary increment of our administrative staff.

Finance Expenses, Net

Net finance expenses mainly consisted of interest expenses on bank borrowings and finance lease obligations, which are partially offset by the Group's finance income which mainly consisted of interest income from bank deposits.

The Group's net finance expenses decreased by HK\$1.7 million from HK\$9.2 million for the six months ended 30 September 2016 to HK\$7.5 million for the six months ended 30 September 2017. The decrease in net finance expenses was mainly due to our decreased average borrowings and the decrease in interest rates during the six months ended 30 September 2017 and this is consistent with the lower gearing ratio and stronger liquidity of our Group during the same period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income Tax Expenses

Under the current laws of the Cayman Islands and the British Virgin Islands (“BVI”), neither the Company nor its BVI subsidiary is subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the BVI.

Hong Kong profits tax as applicable to the Group is 16.5% for the six-month periods ended 30 September 2017 and 2016 on the estimated assessable profits arising in or derived from Hong Kong during the relevant periods.

The Group’s subsidiaries in the PRC are subject to the China Corporate Income Tax (“CIT”) at a rate of 25% on the estimated assessable profits for the six-month periods ended 30 September 2017 and 2016. However, one of the Group’s subsidiaries in the PRC is subject to the CIT at the rate of 15% for the 3 years ending 31 December 2018, after being assessed as a high and new technology enterprise.

The Group’s subsidiary in Vietnam was subjected to preferential business income tax (“BIT”) at the rate of 20% (standard BIT rate: 22%) till 31 December 2015. Since 1 January 2016, the preferential BIT rate is lowered to 17%. According to the investment certificate, the subsidiary is subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiary is entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and is eligible for a 50% reduction in the BIT rate in the 4 years thereafter. No provision has been made for BIT as the Group’s subsidiary in Vietnam did not generate any taxable profit subject to BIT for the six-month periods ended 30 September 2017 and 2016.

The effective tax rates of the Group were 13.9% and 14.8% for the six-month periods ended 30 September 2017 and 2016 respectively.

Profit for the Period Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded profit attributable to the owners of the Company of HK\$292.1 million and HK\$225.4 million for the six-month periods ended 30 September 2017 and 2016 respectively.

The increase in net profit for the six months ended 30 September 2017 was primarily due to (i) significant increase in the Group’s revenue as a result of the increase in both the average selling price and sales volume; and (ii) the effect of economy of scale as most of the Group’s expenses (e.g. general and administrative expenses and finance expenses) did not increase proportionally to the increase in the Group’s revenue. Such increase was partially offset by the slight decrease in gross profit margin which was mainly caused by the (i) changes in product mix; and (ii) appreciation of RMB during the period.

Adjusted Net Profit

Adjusted net profit means net profit for the period without taking into account listing expenses incurred in connection with the Company’s listing on the Stock Exchange.

Based on the above, the Group’s adjusted net profit increased by HK\$65.3 million from HK\$226.8 million for the six months ended 30 September 2016 to HK\$292.1 million for the six months ended 30 September 2017. As a percentage of revenue, the adjusted net profit margin increased from 12.8% for the six months ended 30 September 2016 to 13.8% for the six months ended 30 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Consolidated Cash Flow Statement

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Net cash generated from operating activities	178,774	281,795
Net cash used in investing activities	(28,365)	(215,184)
Net cash generated from financing activities	225,815	448,587
Net increase in cash and cash equivalents	376,224	515,198
Cash and cash equivalents at beginning of the period	643,197	221,637
Exchange difference on cash and cash equivalents	2,897	(2,190)
Cash and cash equivalents at end of the period	1,022,318	734,645

Net Cash Generated from Operating Activities

The Group's net cash generated from operating activities for the six months ended 30 September 2017 was HK\$178.8 million, primarily due to profit before income tax of HK\$339.1 million, adjusted for depreciation of property, plant and equipment of HK\$74.0 million, decrease in inventories of HK\$11.6 million and increases in trade receivables of HK\$355.1 million, trade and bills payables of HK\$73.8 million and accruals and other payables of HK\$49.2 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the six months ended 30 September 2017 was HK\$28.4 million, primarily due to the purchase of property, plant and equipment of HK\$51.1 million, which was partially offset by the proceeds from disposals of property, plant and equipment of HK\$24.2 million.

Net Cash Generated from Financing Activities

The Group's net cash generated from financing activities for the six months ended 30 September 2017 was HK\$225.8 million, which was mainly attributable to the net increase in the Group's borrowings of HK\$266.5 million, which was partially offset by the final dividend payment of HK\$41.5 million.

Cash and Cash Equivalents

For the six months ended 30 September 2017, the Group's cash and cash equivalents increased by HK\$376.2 million and the exchange gain was HK\$2.9 million. The net increase in the Group's cash and cash equivalents was from HK\$643.2 million as at 31 March 2017 to HK\$1,022.3 million as at 30 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the six months ended 30 September 2017, the Group's cash and cash equivalents was mainly used in the expansion of the Group's business operations, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and borrowings and proceeds from the Company's listing on the Stock Exchange. The Group's gearing ratio slightly decreased from 8.8% as at 31 March 2017 to 7.1% as at 30 September 2017. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

As at 30 September 2017, the Group's cash and cash equivalents, amounting to HK\$1,022.3 million, were denominated in US dollars ("US\$") (21.9%), HK\$(54.4%), Chinese Renminbi ("RMB") (21.8%), Vietnamese Dong ("VND") (1.7%) and other currencies (0.2%).

As at 30 September 2017, the Group's total borrowings (i.e. bank borrowings and finance lease obligations) were due for repayment as follows:

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
Within one year	613,390	403,692
Between one and two years	265,440	199,215
Between two and five years	283,577	191,498
	1,162,407	794,405

Notes:

- (a) The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.
- (b) As at 30 September 2017, the Group's borrowings were denominated in HK\$(80.9%) and US\$(19.1%). All the Group's bank borrowings were floating rate borrowings. The weighted average effective interest rates of the Group's bank borrowings and finance lease obligations for the six months ended 30 September 2017 were 1.7% and 1.7% respectively.
- (c) As at 30 September 2017, the Group's certain bank borrowings were secured by available-for-sale financial assets with a total carrying amount of HK\$69.8 million.

Capital Expenditures and Commitments

The Group incurred capital expenditures of approximately HK\$139.6 million for the six months ended 30 September 2017, which were mainly related to the purchase of a parcel of industrial land in Vietnam and more advanced machinery for our factories. These capital expenditures were fully financed by internal resources and borrowings.

The Group's capital commitments as at 30 September 2017 amounted to approximately HK\$96.6 million which were mainly related to the purchase of machinery for our factories.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Operating Lease Commitments

As at 30 September 2017, the Group's total future minimum lease payments under non-cancellable operating leases amounted to approximately HK\$0.5 million, which is due within one year.

Charge on Assets

As at 30 September 2017, the Group's land use rights with a total carrying amount of HK\$15.9 million, land and buildings and leasehold improvements with a total carrying amount of HK\$237.6 million and available-for-sale financial assets with a total carrying amount of HK\$69.8 million were pledged to banks to secure certain banking facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liability as at 30 September 2017.

Use of Net Proceeds from the Company's Initial Public Offering

The net proceeds from the listing of the Company amounted to approximately HK\$635.4 million. Such proceeds have been used according to the allocation set out in the Company's prospectus dated 30 March 2016. Use of net proceeds from the date of listing to 30 September 2017 is set out below as follows:

Items	Approximate utilised amount up to 30 September 2017 HK\$' million
Construction of factory buildings and purchase of machinery for the second phase of our Vietnam Factory	378.1
Repayment of part of our bank loans	93.2
Enhancing design and product development capabilities	6.3
Enhancing existing enterprise resource planning system	8.7
General corporate purposes	54.7
Total	541.0

Significant Investments, Acquisitions and Disposals

Save as the acquisition of Champ Gear Investments Limited by the Group as disclosed in note 23 to the condensed consolidated interim financial information, the Group had no significant investments, acquisitions and disposals during the six months ended 30 September 2017.

Events after Balance Sheet Date

The material events after balance sheet date are disclosed in note 24 to the condensed consolidated interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Instruments

The Group did not have any outstanding hedging contracts or financial derivatives during the six months ended 30 September 2017.

Financial Risk Management

(a) Foreign Currency Risk

The Group mainly operates in Hong Kong, the PRC and Vietnam with majority of the transactions settled in HK\$, RMB and US\$. Foreign currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign currency risk exposure is primarily with respect to RMB and US\$ since a considerable portion of our operating expenses are denominated in RMB while most of the sales are denominated in US\$. As HK\$ is pegged with US\$, the foreign currency risk exposure in respect of US\$ is considered minimal.

During the six months ended 30 September 2017, the Group did not use any financial instruments to hedge against foreign currency risk but the Board will continue to closely monitor the foreign currency risk exposure of our Group and may use financial instruments for hedging purposes as and when necessary.

(b) Interest Rate Risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into any financial instruments to hedge against interest rate risk for the six months ended 30 September 2017 but the Board will continue to closely monitor the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

(c) Credit Risk

The Group has policies in place to ensure that sales on credit are made to customers with an appropriate credit history and the Group also performs credit assessments of its customers on a periodic basis, taking into account their financial position, past payment records and other relevant factors. The Group has not experienced and does not expect to experience any material impairment on trade receivables and receivables from other counterparties.

As at 30 September 2017, all the Group's bank balances and deposits were held with major financial institutions in Hong Kong, the PRC and Vietnam which the Directors believe are of high credit quality. The Directors do not expect any losses arising from the non-performance by these financial institutions.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash and cash equivalents and banking facilities to support its business and operational activities. The Group has not experienced and does not expect to experience any difficulties in meeting credit obligations when they fall due.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Human Resources and Emolument Policy

As at 30 September 2017, the Group had a total of approximately 13,400 full-time employees in the PRC, Vietnam and Hong Kong. For the six months ended 30 September 2017, the total staff costs, including the directors' emoluments, amounted to HK\$379.7 million.

The Group's emolument policies are formulated based on the performance and experience of individual employee and in line with the salary trends in Hong Kong, the PRC and Vietnam. Other employee benefits include performance related bonuses, insurance and medical coverage and share options.

Since human resources management is an important factor in maintaining and enhancing the Group's strong expertise in the manufacturing of knitwear products, the Group will provide appropriate training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different on-the-job training will be provided to employees in order to ensure continuous staff development and skills upgrading.

Remuneration Policy

The Directors and senior management of the Group receive compensation in the form of salaries and discretionary bonuses related to the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group's operations. The remuneration committee will regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group.

OTHER INFORMATION

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 5.0 HK cents per share for the six months ended 30 September 2017 (2016: 3.8 HK cents) to be paid to the shareholders of the Company whose names recorded on the register of members of the Company at the close of business on Monday, 18 December 2017. The interim dividend is expected to be payable on or about Friday, 29 December 2017.

The Company's register of members will be closed from Friday, 15 December 2017 to Monday, 18 December 2017 (both days inclusive), and during such period no transfer of the Company's shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Thursday, 14 December 2017.

CORPORATE GOVERNANCE CODE

As the Company believes that good corporate governance can create value for its shareholders, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality board of Directors, sound internal controls and effective accountability to the shareholders as a whole.

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, save for the deviation from code provision A.2.1 which is explained below, the Company has complied with all the mandatory code provisions set out in the CG Code for the six months ended 30 September 2017.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong Ting Chung ("Mr. Wong") is the Chairman and the Chief Executive Officer of our Group. In view of the fact that Mr. Wong is one of the founders of the Group and has been assuming day-to-day responsibilities in operating and managing our Group since September 1990, the Board believes that it is in the best interest of our Group to have Mr. Wong taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, sufficient checks and balances are in place and will not impair the balance of power and authority between the Board and the management of the Company.

OTHER INFORMATION (CONTINUED)

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code for securities transactions by the Directors.

All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 September 2017.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees has been notified to the Company.

AUDIT COMMITTEE

The audit committee of the Company comprises one non-executive Director, Mr. Tam Wai Hung, David, and three independent non-executive Directors, namely, Mr. Ong Chor Wei (Chairman), Mr. Kan Chung Nin, Tony and Mr. Fan Chun Wah, Andrew. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control system. An audit committee meeting was held on 27 November 2017 to meet with the external auditors of the Company and review the Company's interim financial report for the six months ended 30 September 2017.

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

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION (CONTINUED)

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

Save as disclosed below, as at 30 September 2017, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the Ordinary Shares of the Company

Name of Directors	Nature of interest	Number of ordinary shares held or interested in	Approximate percentage of the issued share capital of the Company⁽⁷⁾
Mr. Wong Ting Chung ⁽¹⁾⁽³⁾	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Wong Wai Wing, Raymond ⁽²⁾⁽³⁾	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Wong Ting Chun ⁽²⁾⁽³⁾	Beneficiary of a trust	1,500,000,000	72.3%
	Beneficial owner	1,500,000	0.1%
Mr. Li Po Sing ⁽⁴⁾	Beneficial owner	3,500,000	0.2%
Ms. Chan Mei Hing, Aurora ⁽⁴⁾	Beneficial owner	3,500,000	0.2%
Mr. Tam Wai Hung, David ⁽⁵⁾	Beneficial owner	2,500,000	0.1%
Mr. Wong Ting Kau ⁽²⁾	Beneficiary of a trust	1,500,000,000	72.3%
Ms. Fan Chiu Fun, Fanny ⁽⁶⁾	Beneficial owner	1,500,000	0.1%
Mr. Kan Chung Nin, Tony ⁽⁶⁾	Beneficial owner	1,500,000	0.1%
Mr. Ong Chor Wei ⁽⁶⁾	Beneficial owner	1,500,000	0.1%
Mr. Fan Chun Wah, Andrew ⁽⁶⁾	Beneficial owner	1,500,000	0.1%
Ms. Lee Bik Kee, Betty ⁽⁶⁾	Beneficial owner	1,500,000	0.1%

OTHER INFORMATION (CONTINUED)

Note 1: Mr. Wong Ting Chung is the settlor, the protector and one of the beneficiaries of the Happy Family Trust and therefore he is deemed to be interested in the shares held by the Happy Family Trust under the SFO.

Note 2: Mr. Wong Wai Wing, Raymond, Mr. Wong Ting Chun and Mr. Wong Ting Kau are beneficiaries of the Happy Family Trust and therefore they are deemed to be interested in the shares held by the Happy Family Trust under the SFO.

Note 3: Each of Mr. Wong Ting Chung, Mr. Wong Wai Wing, Raymond and Mr. Wong Ting Chun, has a beneficial interest in options granted to him on 29 August 2016 under the Share Option Scheme (as defined below) and which, if exercised in full, would result in the issue to him of 1,500,000 shares.

Note 4: Each of Mr. Li Po Sing and Ms. Chan Mei Hing, Aurora has a beneficial interest in options granted to him/her on 29 August 2016 and 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue to him/her of 3,500,000 shares.

Note 5: Mr. Tam Wai Hung, David has a beneficial interest in options granted to him on 29 August 2016 and 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue to him of 2,500,000 shares.

Note 6: Each of Ms. Fan Chiu Fun, Fanny, Mr. Kan Chung Nin, Tony, Mr. Ong Chor Wei, Mr. Fan Chun Wah, Andrew and Ms. Lee Bik Kee, Betty has a beneficial interest in options granted to him/her on 28 August 2017 under the Share Option Scheme and which, if exercised in full, would result in the issue to him/her of 1,500,000 shares.

Note 7: The calculation is based on the total number of issued ordinary shares of 2,075,568,000 shares as at 30 September 2017.

Other than the Share Option Scheme (as defined below), at no time during the six months ended 30 September 2017 was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed above, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

OTHER INFORMATION (CONTINUED)

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

Save as disclosed below, so far as known to the Directors and chief executive of the Company, as at 30 September 2017, the following persons or corporations (other than the Directors and chief executive of the Company) who had interest and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of substantial shareholders	Nature of interest	Number of ordinary shares held or interested in	Approximate percentage of the issued share capital of the Company ⁽⁶⁾
Nameson Investments Limited ⁽¹⁾	Beneficial owner	1,500,000,000	72.3%
Happy Family Assets Limited ⁽¹⁾	Interest in a controlled corporation	1,500,000,000	72.3%
East Asia International Trustees Limited ⁽¹⁾	Trustee of a trust	1,500,000,000	72.3%
Ms. Wang Kam Chu ⁽²⁾	Interest of spouse	1,501,500,000	72.4%
Ms. Kwan Ying Tsi, Catherine ⁽³⁾	Interest of spouse	1,501,500,000	72.4%
Ms. Tsoi Suet Ngai ⁽⁴⁾	Interest of spouse	1,501,500,000	72.4%
Ms. Chan Ka Wai ⁽⁵⁾	Interest of spouse	1,500,000,000	72.3%

Notes:

- (1) Nameson Investments Limited is wholly owned by Happy Family Assets Limited, the holding vehicle incorporated in the British Virgin Islands used by East Asia International Trustees Limited, the trustee of the Happy Family Assets Limited which is a trust established by Mr. Wong Ting Chung as the settlor and the protector. Accordingly, each of Happy Family Assets Limited and Mr. Wong Ting Chung is deemed under the SFO to be interested in the shares held by Nameson Investments Limited.
- (2) Ms. Wang Kam Chu is the spouse of Mr. Wong Ting Chung and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chung under the SFO.
- (3) Ms. Kwan Ying Tsi, Catherine is the spouse of Mr. Wong Wai Wing, Raymond and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Wai Wing, Raymond under the SFO.
- (4) Ms. Tsoi Suet Ngai is the spouse of Mr. Wong Ting Chun and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Chun under the SFO.
- (5) Ms. Chan Ka Wai is the spouse of Mr. Wong Ting Kau and is therefore deemed to be interested in the shares held, directly or indirectly, by Mr. Wong Ting Kau under the SFO.
- (6) The calculation is based on the total number of issued ordinary shares of 2,075,568,000 shares as at 30 September 2017.

OTHER INFORMATION (CONTINUED)

Share Option Scheme

The Company has approved and adopted a share option scheme on 29 January 2016 (the “Share Option Scheme”). Under the Share Option Scheme, the eligible participants may be granted share options.

The purposes of the Share Option Scheme are to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

The maximum number of shares which may be issued upon exercise of all the share options to be granted under the Share Option Scheme and any other share option scheme of the Company (if any) shall not in aggregate exceed 10% of the shares in issue (i.e. a maximum of 200,000,000 shares) immediately after listing unless refreshed. Moreover, unless approved by the shareholders in a general meeting (with the relevant eligible participant and his/her close associates abstaining from voting), the total numbers of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (if any) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

The subscription price in respect of any share option shall be a price determined by the Board and notified to an eligible participant (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) which must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the shares.

The Share Option Scheme shall be valid and effective for a period of 10 years from 12 April 2016 (being the listing date), after which period no further share options will be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

For the six months ended 30 September 2017, the total number of share options the Company granted to the employees and some of the Directors amounted to 59,800,000 share options. As at 30 September 2017, the number of share options that could still be granted under the Share Option Scheme was 112,100,000 share options representing approximately 5.4% of the issued share capital of the Company as at 30 September 2017.

OTHER INFORMATION (CONTINUED)

Details of the movements of the share options granted under the Share Option Scheme during the six months ended 30 September 2017 are as follows:

Grantee	Date of Grant (Note 1)	Exercise Price HK\$	Exercise Period (Note 2)	Number of Share Options					Balance as at 30 September 2017
				Balance as at 1 April 2017	Granted during the Period	Exercised during the Period (Note 3)	Cancelled during the Period (Note 4)	Lapsed during the Period	
Mr. Wong Ting Chung	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
Mr. Wong Wai Wing, Raymond	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
Mr. Wong Ting Chun	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
Mr. Li Po Sing	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	2,000,000	-	-	-	2,000,000
Ms. Chan Mei Hing, Aurora	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,500,000	-	-	-	-	1,500,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	2,000,000	-	-	-	2,000,000
Mr. Tam Wai Hung, David	29 August 2016	1.394	29 August 2017 to 28 August 2026	1,000,000	-	-	-	-	1,000,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Ms. Fan Chiu Fun, Fanny	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Mr. Kan Chung Nin, Tony	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Mr. Ong Chor Wei	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Mr. Fan Chun Wah, Andrew	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Ms. Lee Bik Kee, Betty	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	1,500,000	-	-	-	1,500,000
Other employees of the Group	29 August 2016	1.394	29 August 2017 to 28 August 2026	19,600,000	-	(568,000)	(666,000)	-	18,366,000
	28 August 2017	1.462	28 August 2018 to 27 August 2027	-	46,800,000	-	-	-	46,800,000
Total				28,100,000	59,800,000	(568,000)	(666,000)	-	86,666,000

OTHER INFORMATION (CONTINUED)

Notes:

- The closing price of the shares of the Company immediately before the date on which the share options were granted on (i) 29 August 2016, i.e. 26 August 2016, was HK\$1.40; and (ii) 28 August 2017, i.e. 25 August 2017, was HK\$1.48.
- The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
<i>Granted on 29 August 2016</i>		
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
The remaining share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026
<i>Granted on 28 August 2017</i>		
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2018	28 August 2018 to 27 August 2027
One-third of the share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2019	28 August 2019 to 27 August 2027
The remaining share options	28 August 2017 to 27 August 2020	28 August 2020 to 27 August 2027

- The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$1.682.
- The exercise price of the share options that were cancelled during the six months ended 30 September 2017 was HK\$1.394.
- The fair value of the share options as at the date of granted, its calculation and the model and assumptions used to estimate the fair value of the share options are set out in note 19 to the condensed consolidated interim financial information.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2017 annual report of the Company are set out below:

Name of Director	Details of Changes
Mr. Wong Wai Yue	— Re-designated as an executive Director and Vice Chairman of the Board and appointed as a member of the executive committee with effect from 27 November 2017
Mr. Fan Chun Wah, Andrew	— Appointed as an independent non-executive director of Omnibridge Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8462) with effect from 21 June 2017

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited) Six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000
Revenue	5	2,114,317	1,776,867
Cost of sales	7	(1,630,089)	(1,356,766)
Gross profit		484,228	420,101
Other income	6	6,672	3,281
Other gains, net	8	20,908	6,175
Selling and distribution expenses	7	(24,536)	(22,429)
General and administrative expenses	7	(140,691)	(133,310)
Operating profit		346,581	273,818
Finance income	9	1,530	945
Finance expenses	9	(8,995)	(10,159)
Finance expenses, net	9	(7,465)	(9,214)
Profit before income tax		339,116	264,604
Income tax expenses	10	(47,002)	(39,217)
Profit for the period attributable to the owners of the Company		292,114	225,387
Earnings per share attributable to the owners of the Company during the period			
— Basic (HK cents per share)	11	14.1	11.1
— Diluted (HK cents per share)	11	14.1	11.1

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Profit for the period	292,114	225,387
Other comprehensive income, net of tax: <i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
– Currency translation differences	15,243	(7,996)
– Gain on revaluation of available-for-sale financial assets	–	31
– Release of investment reserve upon disposal of available-for-sale financial assets	–	(135)
Other comprehensive income for the period, net of tax	15,243	(8,100)
Total comprehensive income for the period attributable to the owners of the Company	307,357	217,287

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
ASSETS			
Non-current assets			
Land use rights	13	95,365	42,624
Property, plant and equipment	13	1,219,598	1,227,821
Investment properties		27,884	2,282
Available-for-sale financial assets	14	146,973	144,800
Prepayments, deposits, other receivables and other assets		32,680	42,310
		1,522,500	1,459,837
Current assets			
Inventories		401,129	417,970
Trade receivables	15	460,027	104,913
Prepayments, deposits, other receivables and other assets		86,798	55,915
Short-term bank deposits		50,437	50,229
Cash and cash equivalents		1,022,318	643,197
		2,020,709	1,272,224
Total assets		3,543,209	2,732,061
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	18	20,756	20,750
Reserves	20	1,819,146	1,549,246
Total equity		1,839,902	1,569,996

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	17	384,891	378,836
Deferred income tax liabilities		2,521	2,443
		387,412	381,279
Current liabilities			
Trade and bills payables	16	248,760	174,999
Accruals and other payables		132,376	82,992
Current income tax liabilities		157,243	107,226
Borrowings	17	777,516	415,569
		1,315,895	780,786
Total liabilities		1,703,307	1,162,065
Total equity and liabilities		3,543,209	2,732,061
Net current assets		704,814	491,438

WONG TING CHUNG

Chairman, Chief Executive Officer and Executive Director

WONG WAI YUE

Vice Chairman and Executive Director

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)		
	Attributable to the owners of the Company		
	Share capital (Note 18) HK\$'000	Reserves (Note 20) HK\$'000	Total HK\$'000
As at 1 April 2016	–	657,293	657,293
Profit for the period	–	225,387	225,387
Other comprehensive income:			
– Currency translation difference	–	(7,996)	(7,996)
– Gain on revaluation of available-for-sale financial assets	–	31	31
– Release of investment reserve upon disposal of available-for-sale financial assets	–	(135)	(135)
	–	(8,100)	(8,100)
Total comprehensive income	–	217,287	217,287
Transactions with owners			
Issuance of ordinary shares upon capitalisation issue	15,000	(15,000)	–
Issuance of ordinary shares upon initial public offering	5,000	595,000	600,000
Issuance of ordinary shares upon over-allotment	750	89,250	90,000
Share issuance cost	–	(22,765)	(22,765)
Share option scheme:			
– Equity-settled share-based compensation	–	441	441
As at 30 September 2016	20,750	1,521,506	1,542,256
As at 1 April 2017	20,750	1,549,246	1,569,996
Profit for the period	–	292,114	292,114
Other comprehensive income:			
– Currency translation difference	–	15,243	15,243
Total comprehensive income	–	307,357	307,357
Transactions with owners			
Share option scheme:			
– Proceeds from shares issued upon exercise of share options	6	786	792
– Equity-settled share-based compensation	–	3,257	3,257
Dividends paid	–	(41,500)	(41,500)
As at 30 September 2017	20,756	1,819,146	1,839,902

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities		
Cash generated from operations	177,630	292,994
Interest paid	(1,949)	(10,546)
Income tax paid	3,093	(653)
Net cash generated from operating activities	178,774	281,795
Cash flows from investing activities		
Purchase of property, plant and equipment	(51,066)	(168,010)
Increase in bank deposits with maturity over three months	(208)	(50,000)
Proceeds from disposals of property, plant and equipment	24,168	1,479
Dividend income from available-for-sale financial assets	–	27
Proceeds from disposal from available-for-sale financial assets	–	375
Interest received	1,530	945
Payment for acquisition of a subsidiary, net	(2,789)	–
Net cash used in investing activities	(28,365)	(215,184)
Cash flows from financing activities		
Proceeds from new bank borrowings	1,176,697	905,202
Repayments of bank borrowings	(749,117)	(1,107,633)
Repayments of finance lease obligations	(161,057)	(16,217)
Proceeds from issuance of new ordinary shares	792	690,000
Payment of issuance cost	–	(22,765)
Dividends paid	(41,500)	–
Net cash generated from financing activities	225,815	448,587
Net increase in cash and cash equivalents	376,224	515,198
Cash and cash equivalents at beginning of the period	643,197	221,637
Exchange difference on cash and cash equivalents	2,897	(2,190)
Cash and cash equivalents at end of the period	1,022,318	734,645

The notes on pages 30 to 52 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 August 2015 as an exempted company with limited liability under the laws 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 is an investment holding company and its subsidiaries are principally engaged in the manufacturing of knitwear products. The ultimate holding company of the Company is Happy Family Assets Limited. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 12 April 2016.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars ("HK\$'000") unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 November 2017.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the period ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, except as mentioned below.

(a) The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2017:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interest in Other Entities

The Group has adopted these standards and the adoption of these standards did not have significant impacts on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 April 2017 and have not been early adopted by the Group:

HKAS 28 (Amendment)	Measuring an Associate or Joint Venture at Fair Value ¹
HKAS 40 (Amendment)	Transfers of Investment Property ¹
HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014-2016 Cycle ¹
HKFRS 2 (Amendment)	Classification and Measurement of Share-Based Payment Transactions ¹
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 ¹
HKFRS 16	Leases ²
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²

¹ Effective for financial years beginning on or after 1 January 2018

² Effective for financial years beginning on or after 1 January 2019

³ No mandatory effective date yet determined

The Directors of the Company is in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and interpretations. The Directors of the Company will adopt the new standards, amendments to standards and interpretations when they become effective.

4. ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SEGMENT INFORMATION

During the period, the Group has principally engaged in the manufacturing of knitwear products.

The Group has been operating in a single operating segment, i.e. manufacturing of knitwear products.

Management monitors the operating performance of its business as a whole for the purpose of resources allocation and performance assessment.

The Board assesses the performance of the operating segment based on a measure of profit before income tax.

(a) Revenue by location of goods delivery

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Japan	712,439	661,282
North America	425,466	394,614
Europe	467,483	329,976
Mainland China	271,157	220,144
Other countries	237,772	170,851
	2,114,317	1,776,867

(b) Non-current assets

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
	Hong Kong	62,865
Mainland China	388,138	380,248
Vietnam	924,524	861,446
	1,375,527	1,315,037

The non-current asset information above is based on the location of the assets and excludes available-for-sale financial assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SEGMENT INFORMATION (CONTINUED)

(c) Major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group is as follows:

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Customer A	1,301,875	1,045,352
Customer B	305,300	355,228

The five largest customers accounted for approximately 85.2% (2016: 88.6%) of revenue for the period ended 30 September 2017.

6. OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Rental income from investment properties	2,201	396
Rental income from properties occupied by employees	412	266
Dividend income from listed available-for-sale financial assets	–	27
Others	4,059	2,592
	6,672	3,281

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and general and administrative expenses are analysed as follows:

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Amortisation of land use rights (Note 13)	547	556
Auditor's remuneration (excluding listing related services)		
— Audit services	1,241	1,205
— Non-audit services	635	540
Depreciation (Note 13)		
— Owned property, plant and equipment	53,480	67,279
— Property, plant and equipment held under finance leases	20,513	8,243
Employment benefit expenses (including directors' emoluments)	379,689	312,337
Cost of inventories	941,554	748,205
Subcontracting charges	211,089	214,931
Commission expenses	1,555	2,061
Operating lease rental in respect of land and buildings	1,704	1,535
Utilities expenses	34,213	29,829
Sample charges	7,662	6,878
Listing expenses	—	1,378
Others	141,434	117,528
	1,795,316	1,512,505

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. OTHER GAINS, NET

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Net foreign exchange gains	1,765	3,880
Net gains on investments	2,173	2,390
Net gains/(losses) on disposals of property, plant and equipment	16,970	(95)
	20,908	6,175

9. FINANCE EXPENSES, NET

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Finance income		
Interest income from bank deposits	1,530	945
Finance expenses		
Interest expense on:		
— Bank borrowings	(6,572)	(8,850)
— Finance lease obligations	(2,423)	(1,309)
	(8,995)	(10,159)
Finance expenses, net	(7,465)	(9,214)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. INCOME TAX EXPENSES

For the period ended 30 September 2017, Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax at a rate of 25% (2016: 25%) on estimated assessable profits. However, one of the Group's subsidiaries in Mainland China is subject to the China Corporate Income Tax at the rate of 15% for the 3 years ending 31 December 2018, after being assessed as a high and new technology enterprise.

The Group's subsidiary in Vietnam was subjected to preferential business income tax ("BIT") at the rate of 20% (standard BIT rate: 22%) till 31 December 2015. Since 1 January 2016, the preferential BIT rate is lowered to 17%. According to the investment certificate, the subsidiary is subject to preferential BIT rate on taxable income for the first 10 years from the commencement of operation. In addition, the subsidiary is entitled to full exemption from BIT for first 2 years from the first year of earning taxable profit and is eligible for a 50% reduction in the BIT rate in the 4 years thereafter. No income tax has been provided for the subsidiary in Vietnam since the subsidiary has no assessable profit for the periods ended 30 September 2017 and 2016.

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax	13,344	13,988
China corporate income tax	33,580	24,922
Deferred taxation	78	307
	47,002	39,217

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the periods ended 30 September 2017 and 2016 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the periods. The weighted average number of ordinary shares are determined as follows:

- (i) the 1 ordinary share of the Company issued on 11 August 2015 (date of incorporation) was treated as if it had been issued since 1 April 2015;
- (ii) the 1,121 ordinary shares of the Company issued in December 2015 as a result of the reorganisation in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange were treated as if they had been issued since 1 April 2015;
- (iii) the 1,499,998,878 ordinary shares of the Company issued on 12 April 2016 under the capitalisation issue were treated as if they had been in issue since 1 April 2015;
- (iv) the 500,000,000 ordinary shares offered to the public were issued on 12 April 2016;
- (v) the 75,000,000 ordinary shares in connection with the exercise of the over-allotment option were issued on 28 April 2016; and
- (vi) the 568,000 ordinary shares in connection with the exercise of share options were issued during the period ended 30 September 2017.

	(Unaudited) Six months ended 30 September	
	2017	2016
Profit attributable to the owners of the Company (HK\$'000)	292,114	225,387
Weighted average number of ordinary shares in issue ('000)	2,075,008	2,033,880
Basic earnings per share (HK cents)	14.1	11.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	(Unaudited) Six months ended 30 September	
	2017	2016
Profit attributable to the owners of the Company (HK\$'000)	292,114	225,387
Weighted average number of ordinary shares in issue ('000)	2,075,008	2,033,880
Adjustment for potential dilutive effect in respect of outstanding share options ('000)	905	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	2,075,913	2,033,880
Diluted earnings per share (HK cents)	14.1	11.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. DIVIDENDS

	(Unaudited)	
	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Interim dividend of 5.0 HK cents (2016: 3.8 HK cents) per ordinary share	103,778	78,850

At the Board meeting held on 27 November 2017, the Company's Board of Directors declared an interim dividend of 5.0 HK cents (2016: 3.8 HK cents) per share. The interim dividend amounting to approximately HK\$103,778,000 has not been recognised as a liability in this interim financial information. It will be recognised as a distribution in shareholder's equity in the year ending 31 March 2018.

13. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	(Unaudited)	
	Property, plant and equipment HK\$'000	Land use rights HK\$'000
Six months ended 30 September 2017		
Opening net book amount at 1 April 2017	1,227,821	42,624
Additions	86,829	52,750
Disposals	(7,198)	–
Depreciation/amortisation	(73,993)	(547)
Transfer to investment properties	(25,669)	–
Exchange differences	11,808	538
Closing net book amount at 30 September 2017	1,219,598	95,365
Six months ended 30 September 2016		
Opening net book amount at 1 April 2016	847,841	44,871
Additions	255,749	–
Disposals	(1,574)	–
Depreciation/amortisation	(75,522)	(556)
Exchange differences	(12,350)	(596)
Closing net book amount at 30 September 2016	1,014,144	43,719

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Available-for-sale financial assets		
— Unlisted investments, at fair value (Note)	146,973	144,800

Note: Unlisted investments represent unlisted key management insurance contracts which are debt instruments classified as available-for-sale financial assets. Minimum returns are guaranteed under these contracts with upside variable returns and the respective fixed and determinable returns are recognised as part of "Other gains, net". The portion allocated as insurance premium is recognised as prepayment and is amortised to the consolidated income statement based on the estimated years that the Group intends to hold such contracts.

15. TRADE RECEIVABLES

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Trade receivables	460,027	104,913

The Group grants credit period to customers ranging from 0 to 60 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Up to three months	454,767	102,191
Three to six months	3,560	2,658
Over six months	1,700	64
	460,027	104,913

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15. TRADE RECEIVABLES (CONTINUED)

As of 30 September 2017, trade receivables of HK\$12,309,000 (31 March 2017: HK\$4,403,000) were past due but not considered to be impaired because these mainly relate to customers from whom there is no recent history of default. Based on past experience, the Directors of the Company are of the opinion that no provision of impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The ageing analysis of these trade receivables is as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Past due by:		
Up to three months	10,138	2,546
Three to six months	535	1,857
Over six months	1,636	–
	12,309	4,403

16. TRADE AND BILLS PAYABLES

The carrying amounts of the trade and bills payables approximate their fair values.

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

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Within one month	150,168	137,944
One to two months	70,473	32,053
Two to three months	27,920	4,931
Over three months	199	71
	248,760	174,999

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17. BORROWINGS

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Non-current		
Bank borrowings, unsecured	301,389	165,111
Finance lease obligations	83,502	213,725
	384,891	378,836
Current		
Short-term bank borrowings, unsecured	349,412	188,637
Portion of long-term bank borrowings, secured, due for repayment within one year	7,501	7,501
Portion of long-term bank borrowings, secured, due for repayment after one year which contain a repayment on demand clause	8,126	11,877
Portion of long-term bank borrowings, unsecured, due for repayment within one year	134,111	96,833
Portion of long-term bank borrowings, unsecured, due for repayment after one year which contain a repayment on demand clause	156,000	–
Finance lease obligations	122,366	110,721
	777,516	415,569
Total borrowings	1,162,407	794,405

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17. BORROWINGS (CONTINUED)

The weighted average effective interest rates as at 30 September 2017 and 2016 are as follows:

	(Unaudited) Six months ended 30 September	
	2017	2016
Finance lease obligations	1.70%	1.70%
Bank borrowings	1.70%	2.00%

The bank borrowings are due for repayment as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Within one year	491,024	292,971
Between one and two years	228,445	86,612
Between two and five years	237,070	90,376
	956,539	469,959

The above amounts due are based on the schedule repayment dates set out in the relevant agreements and ignore the effect of any repayment on demand rights.

As at 30 September 2017, the Group's certain borrowings are secured by available-for-sale financial assets with a total carrying amount of HK\$69,767,000 (31 March 2017: HK\$68,798,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. SHARE CAPITAL

	(Unaudited) As at 30 September 2017		(Audited) As at 31 March 2017	
	Number of shares	Nominal value HK\$	Number of Shares	Nominal value HK\$
Authorised:				
Ordinary shares at HK\$0.01 each as at 30 September 2017 and 31 March 2017	5,000,000,000	50,000,000	5,000,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
Opening balances at 1 April 2017/ 1 April 2016	2,075,000,000	20,750,000	1,122	11
Issuance of ordinary shares upon capitalisation issue (Note (i))	–	–	1,499,998,878	14,999,989
Issuance of ordinary shares upon initial public offering (Note (ii))	–	–	500,000,000	5,000,000
Issuance of ordinary shares upon over-allotment (Note (ii))	–	–	75,000,000	750,000
Issuance of ordinary shares upon exercise of share options (Note (iii))	568,000	5,680	–	–
At 30 September 2017 and 31 March 2017	2,075,568,000	20,755,680	2,075,000,000	20,750,000

Notes:

- (i) On 12 April 2016, an amount of HK\$14,999,988.78 was capitalised from share premium to share capital of the Company.
- (ii) On 12 April 2016, 500,000,000 ordinary shares of HK\$0.01 each were issued at an offer price of HK\$1.20 per share for a total consideration of HK\$600,000,000 with HK\$574,124,000, after taking into account of the issuance costs, being credited to the share premium account of the Company. On 25 April 2016, the over-allotment option has been exercised by the Company with 75,000,000 ordinary shares of HK\$0.01 each. These shares were issued at an offer price of HK\$1.20 per share for the total consideration of HK\$90,000,000 with HK\$87,361,000, after taking into account of the issuance costs, being credited to the share premium account of the Company. This resulted in share premium of approximately HK\$661,485,000 in total.
- (iii) During the period ended 30 September 2017, share options were exercised to subscribe for 568,000 shares in the Company at a consideration of approximately HK\$792,000, of which approximately HK\$6,000 was credited to share capital and the balance of approximately HK\$786,000 was credited to the share premium account.

In respect of the share options exercised, an amount of approximately HK\$173,000 was reversed from the share option reserve and credited to the share premium account of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19. SHARE-BASED PAYMENTS

Movements of the share options under the share option scheme during the period ended 30 September 2017 are as follows:

Date of Grant	Exercise Price HK\$	Exercise Period	Number of Share Options					
			As at 1 April 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 September 2017
Directors								
29 August 2016	1.394	29 August 2017 to 28 August 2026	8,500,000	-	-	-	-	8,500,000
28 August 2017	1.462	28 August 2018 to 27 August 2027	-	13,000,000	-	-	-	13,000,000
Other employees of the Group								
29 August 2016	1.394	29 August 2017 to 28 August 2026	19,600,000	-	(568,000)	(666,000)	-	18,366,000
28 August 2017	1.462	28 August 2018 to 27 August 2027	-	46,800,000	-	-	-	46,800,000
Total			28,100,000	59,800,000	(568,000)	(666,000)	-	86,666,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19. SHARE-BASED PAYMENTS (CONTINUED)

The share options granted to the above Directors and other employees of the Group shall be vested in three equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
<i>Granted on 29 August 2016</i>		
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2017	29 August 2017 to 28 August 2026
9,366,666 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	29 August 2016 to 28 August 2018	29 August 2018 to 28 August 2026
9,366,668 share options	29 August 2016 to 28 August 2019	29 August 2019 to 28 August 2026
<i>Granted on 28 August 2017</i>		
19,933,333 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2018	28 August 2018 to 27 August 2027
19,933,333 share options (rounded to the nearest number of share options which represents an integral multiples of one board lot)	28 August 2017 to 27 August 2019	28 August 2019 to 27 August 2027
19,933,334 share options	28 August 2017 to 27 August 2020	28 August 2020 to 27 August 2027

The Company has used the Binomial Model for assessing the fair value of the share options granted. According to the Binomial Model, the fair value of the options granted during the period ended 30 September 2017 measured as at the date of grant of 28 August 2017 was approximately in a range of HK\$0.335 to HK\$0.482 for each of the three tranches, taking into account various factors, variables and assumptions which include the following:

	Date of grant	
	29 August 2016	28 August 2017
Risk-free interest rate	1.01%	1.50%
Expected volatility	40.28%	39.02%
Expected annual dividend yield	3.95%	3.83%

The total expense for share options granted to directors and employees of HK\$3,257,000 (2016: HK\$441,100) are recognised as “employee benefit expenses” in the condensed consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. RESERVES

	Attributable to the owners of the Company (Unaudited)					
	Investment revaluation reserve	Exchange reserve	Retained earnings	Share option reserve	Other Reserves (Note (i))	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2016	104	117,938	194,909	–	344,342	657,293
Profit for the period	–	–	225,387	–	–	225,387
Other comprehensive income:						
– Currency translation difference	–	(7,996)	–	–	–	(7,996)
– Gain on revaluation of available-for-sale financial assets	31	–	–	–	–	31
– Release of investment reserve upon disposal of available-for-sale financial assets	(135)	–	–	–	–	(135)
Total comprehensive income for the period	(104)	(7,996)	225,387	–	–	217,287
Transactions with owners:						
Issue of ordinary shares upon capitalisation issue	–	–	–	–	(15,000)	(15,000)
Issue of ordinary shares upon initial public offering	–	–	–	–	595,000	595,000
Issue of ordinary shares upon over-allotment	–	–	–	–	89,250	89,250
Share issuance costs	–	–	–	–	(22,765)	(22,765)
Share option scheme:						
Equity-settled share-based compensation	–	–	–	441	–	441
	–	–	–	441	646,485	646,926
As at 30 September 2016	–	109,942	420,296	441	990,827	1,521,506

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. RESERVES (CONTINUED)

	Attributable to the owners of the Company (Unaudited)				
	Exchange reserve HK\$'000	Retained earnings HK\$'000	Share option reserve HK\$'000	Other Reserves (Note (i)) HK\$'000	Total HK\$'000
As at 1 April 2017	111,279	444,190	2,950	990,827	1,549,246
Profit for the period	–	292,114	–	–	292,114
Other comprehensive income:					
– Currency translation difference	15,243	–	–	–	15,243
Total comprehensive income for the period	15,243	292,114	–	–	307,357
Transactions with owners:					
Share option scheme:					
– Proceeds from shares issued upon exercise of share options	–	–	–	786	786
– Equity-settled share-based compensation	–	–	3,257	–	3,257
– Exercise of share options	–	–	(173)	173	–
Dividends paid	–	(41,500)	–	–	(41,500)
	–	(41,500)	3,084	959	(37,457)
As at 30 September 2017	126,522	694,804	6,034	991,786	1,819,146

Note:

- (i) Other reserves mainly represent the share premium, and fair value of the consideration given in excess of the paid-in capital of the companies comprising the Group in relation to the Company's reorganisation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. COMMITMENTS

(a) Operating lease commitments

As at 30 September 2017 and 31 March 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Within one year	450	471
Later than one year and not later than five years	–	119
	450	590

(b) Operating lease arrangements

As at 30 September 2017 and 31 March 2017, the aggregate future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's investment properties are as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Within one year	744	132

(c) Capital commitment

As at 30 September 2017 and 31 March 2017, the capital expenditure contracted but not yet incurred is as follows:

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Property, plant and equipment contracted but not provided for	96,645	33,296

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the interim financial information, the following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into the ordinary course of business between the Group and its related parties.

(a) Transactions

Name of entities	Relationship with the Group
Hanyi Investments Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director) , Mr. Wong Ting Chun (Executive Director) and Mr. Wong Ting Kau (Non-executive Director)
Kings (H.K.) Health Food Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director)
惠州港升置業有限公司	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director), Mr. Wong Wai Yue (Executive Director and Vice Chairman), Mr. Wong Wai Wing, Raymond (Executive Director), Mr. Wong Ting Chun (Executive Director), Mr. Wong Ting Kau (Non-executive Director) and Mr. Lin Xiugao, the cousin of Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director)
Mr. Tam Wai Hung, David	Non-executive Director
Mr. Wong Ting Chung	Chairman, Chief Executive Officer and Executive Director
V. Success (HK) Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director)
V. Success (Vietnam) Knitting Company Limited	Controlled by Mr. Wong Ting Chung (Chairman, Chief Executive Officer and Executive Director)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions (Continued)

	Note	(Unaudited) Six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000
Hotel services fee charged by 惠州港升置業有限公司	(i)	968	1,305
Consultancy fee charged by Mr. Tam Wai Hung, David	(i)	500	500
Rental charged by Hanyi Investments Limited	(i)	1,393	1,393
Rental charged to V. Success (Vietnam) Knitting Company Limited	(i)	720	–
Sales of packaging materials to V. Success (HK) Limited	(i)	1,189	–
Acquisition of the entire share capital of Champ Gear Investments Limited from Mr. Wong Ting Chung	(ii) & 23	6,900	–

Notes:

- (i) Terms of transactions are mutually agreed between the relevant parties.
- (ii) The acquisition is made at price mutually agreed by the relevant parties and has made reference to the valuation provided by a qualified independent valuer.

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Salaries, pension costs and other short-term employee benefits	9,774	9,381
Equity-settled share-based compensation	1,714	251
	11,488	9,632

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In April 2017, the Group acquired the entire issued share capital of Champ Gear Investments Limited which owns 100% equity interest in S. Power (HK) Limited, which in turn holds the entire issued share capital of S. Power (Vietnam) Textile Limited, which owns the land use rights in Vietnam. Following the completion of the acquisition, Champ Gear Investments Limited became a wholly-owned subsidiary of the Company. The assets acquired and liabilities assumed did not constitute a business combination as defined in HKFRS 3 “Business Combinations” and therefore, the acquisition was accounted for as assets acquisition.

The assets acquired and liabilities assumed in the transaction were as follows:

	HK\$'000
Land use rights	52,750
Property, plant and equipment	330
Prepayments, deposits and other receivables	8,863
Cash and cash equivalents	4,111
Accruals and other payables	(154)
Borrowings	(59,000)
Fair value of net assets acquired	6,900
	HK\$'000
Net cash outflow arising on acquisition:	
Cash consideration paid	(6,900)
Cash and cash equivalents acquired	4,111
	(2,789)

24. SUBSEQUENT EVENTS

On 28 September 2017, Nameson Group Limited (“Nameson Group”), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Mr. Wong Ting Chung (“Mr. Wong”), pursuant to which Nameson Group agreed to acquire the entire issued share capital of V. Success Limited held by Mr. Wong, at the consideration of HK\$550,000,000 (the “Acquisition”). V. Success Limited and its subsidiaries are principally engaged in the manufacturing of knitted upper for footwear and knitted upper shoes.

As one or more of the applicable percentage ratio(s) (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) in relation to the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules.

Mr. Wong is the Chairman, Chief Executive Officer, an Executive Director and a substantial shareholder of the Company, Mr. Wong is therefore a connected person of the Company for the purpose of the Listing Rules and accordingly, the Acquisition also constituted a connected transaction for the Company under the Listing Rules.