B & S International Holdings Ltd.
賓仕國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

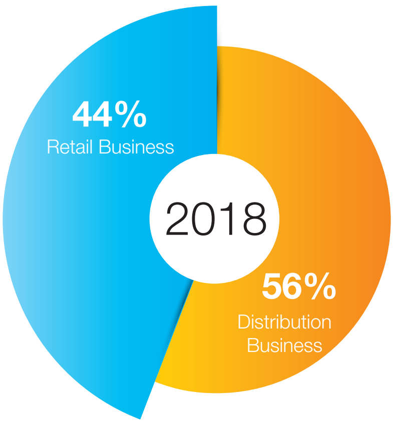
STOCK CODE : 1705

2018
ANNUAL REPORT

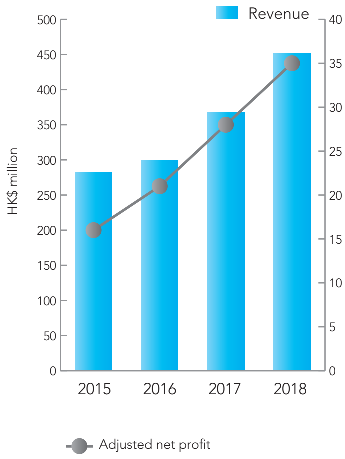
Contents

FINANCIAL
HIGHLIGHTS

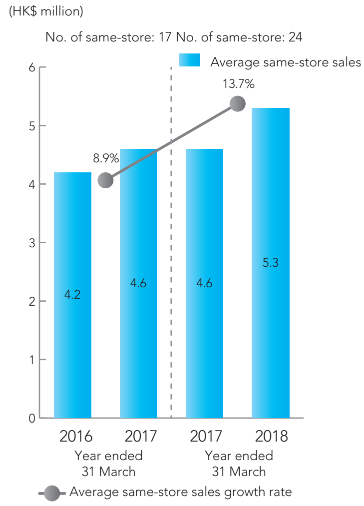
REVENUE BREAKDOWN



REVENUE AND ADJUSTED NET PROFIT (note 2)



SAME-STORE SALES PERFORMANCE — TENREN (天仁茗茶)



- Revenue reached HK$452.1 million for the year ended 31 March 2018 ("FY2018"), representing an increase of 22.9% as compared with last year
- Same store sales growth ("SSSG") *(note 1)* for the Ten Ren retail stores have recorded double-digit growth at 13.7%
- Adjusted net profit *(note 2)* increased by 23.0% to HK$34.8 million
- Proposed a final dividend of HK3 cents per share, representing a dividend payout ratio of approximately 35.6% on the adjusted profit attributable to owners of the Company *(note 3)*

	Year ended 31 March		
	2018 HK$ million	2017 HK$ million	Increase/ (decrease)
Revenue	**452.1**	368.0	22.9%
Gross Profit	**115.8**	91.2	27.0%
Net profit	**15.2**	28.3	(46.3%)
Adjusted net profit *(note 2)*	**34.8**	28.3	23.0%
Basic earnings per share (HK cents)	**4.62**	9.12	(49.3%)

Note 1: SSSG represented a comparison of average revenue derived from outlets that were in operation throughout the financial periods compared.

Note 2: Adjusted net profit is derived from net profit excluding the non-recurring listing expenses of approximately HK$19.6 million incurred during FY2018.

Note 3: Adjusted profit attributable to owners of the Company of approximately HK$33.7 million is derived from profit attributable to owners of the Company of approximately HK$14.1 million excluding the non-recurring listing expenses of approximately HK$19.6 million incurred during FY2018.

CORPORATE INFORMATION

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Kam Chuen Andrew
(Chief Executive Officer & Chairman)
Mr. Chan Siu Cheung Stephen
Mr. Chau Wing Kong William
Ms. Tin Hau Ling Janny

Independent Non-executive Directors:

Mr. Yu Ka Ho Bernard
Mr. See Hung Yan Peter
Mr. Chung Kwok Mo John

COMPANY SECRETARY

Mr. Tang Kwok Hay *(FCPA, FRM)*

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Chuen Andrew
Mr. Tang Kwok Hay *(FCPA, FRM)*

AUDIT COMMITTEE

Mr. Chung Kwok Mo John *(Chairman)*
Mr. Yu Ka Ho Bernard
Mr. See Hung Yan Peter

REMUNERATION COMMITTEE

Mr. Yu Ka Ho Bernard *(Chairman)*
Mr. See Hung Yan Peter
Mr. Chung Kwok Mo John

NOMINATION COMMITTEE

Mr. See Hung Yan Peter *(Chairman)*
Mr. Yu Ka Ho Bernard
Mr. Chung Kwok Mo John

REGISTERED OFFICE

Cricket Square, Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 911, 9th Floor Tai Yau Building,
181 Johnston Road,
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road, North Point, Hong Kong

INDEPENDENT AUDITOR

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

LEGAL ADVISER

Locke Lord
21/F, Bank of China Tower, 1 Garden Road,
Central, Hong Kong

COMPLIANCE ADVISER

Lego Corporate Finance Limited
Room 1601, 16/F, China Building,
29 Queen's Road Central, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Level 9, HSBC Main Building, 1 Queen's Road Central,
Hong Kong

Hang Seng Bank Limited
83 Des Voeus Road, Central, Hong Kong

STOCK CODE

1705

COMPANY'S WEBSITE

www.bandshk.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of B & S International Holdings Ltd. (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the financial year ended 31 March 2018 ("FY2018").

REVIEW

FY2018 marked a significant year for the Group's history. The shares (the "Shares") of the Company were successfully listed on the Main Board of the Stock Exchange on 14 March 2018. The listing status enables the Company to gain access to one of the world's biggest capital markets which provides more financing channels for future capital needs. The listing has also enhanced the Group's reputation and brand awareness, which in turn helps maintaining the business relationship with the existing network of suppliers and customers and exploring potential business opportunities with new suppliers and customers.

The Group is a well-established food and beverage company with over 28 years of operating history in Hong Kong. The Group is principally engaged in two business segments, namely: (i) the distribution business, and (ii) the retail business.

For the distribution business, it distributes and markets a diversified portfolio of overseas branded food and beverage products through its supply chain solutions to overseas brand owners and local retailers. These products include sweets and candies, biscuits, cakes and pastries, instant drink powders, dried meat products, tea leaves, pasta, fresh eggs and condiments, etc., which are sourced from Japan, Taiwan, Malaysia, Argentina, the People's Republic of China (the "PRC"), Turkey and the United Kingdom, etc. The Group was able to offer a total of approximately 7,000 SKUs of food and beverage products from over 100 brands, including "UHA (味覺糖)" and "Hsin Tung Yang (新東陽)", which are widely sold in supermarkets and convenience stores.

For the retail business, the Group is licenced to set up and self-operate retail outlets for a few overseas food and beverage brands in Hong Kong. As at 31 March 2018, it set up a total of 43 self-operated retail outlets. It was licenced by several brand owners, including "TenRen (天仁茗茶)" and "Uncle Tetsu (徹思叔叔)". To broaden the brand portfolio, the Group successfully introduced a British chocolate brand "Hotel Chocolat", and a Japanese ramen brand originated in Taiwan "Jiu Tang Wu (九湯屋)". The Group has stayed innovative in food retail, and brought surprises to local customers.

For FY2018, benefiting from buoyant inbound tourism and strong local consumer sentiment, the domestic retail market showed definite signs of recovery. According to the Monthly Survey of Retail Sales (MRS) from the Census and Statistics Department, the value of total retail sales in March 2018, provisionally estimated at HK$39.8 billion, increased by 11.4% over the same month in 2017. For the first quarter of 2018, it was provisionally estimated that the value of total retail sales increased by 14.3% over the same period in 2017. The Group has made timely and strategic adjustments in order to enhance its competitiveness and market share.

PROSPECTS

Moving forward, the Group will continue to increase its market share in Hong Kong and will maintain its expansion momentum with a prudent and yet optimistic approach. The Group will strive to introduce more brands and products of high quality from around the world to diversify its portfolio and expand its customer base, while maintaining/improving the quality of its existing brands and products.

APPRECIATION

Lastly, on behalf of the Board, I wish to extend my sincere appreciation to the management team and our employees for their unremitting efforts, and to express my gratitude to all shareholders, investors, customers and business partners for their steadfast support. We will continue to grasp every opportunity and endeavor to strive for the greatest interest for the shareholders and the Company.

Chan Kam Chuen Andrew
Chairman, Chief Executive Officer & Executive Director
Hong Kong, 26 June 2018

UHA (味覺糖)
Confectionery Products

For the year ended 31 March 2018, turnover of the Group's business totalled approximately HK$452.1 million (2017: approximately HK$368.0 million), representing an increase of approximately 22.9%, which was mainly attributable to additional sales brought by the retail business. Gross profit increased from approximately HK$91.2 million in the previous year to approximately HK$115.8 million in FY2018, representing an increase of approximately HK$24.6 million which is equivalent to an increase of approximately 27.0%. Profit attributable to owners of the Company for FY2018 was approximately HK$14.1 million (2017: approximately HK$27.4 million), representing a decrease of approximately 48.5% which was mainly attributable to the non-recurring listing expenses incurred during FY2018.

The Group is a well-established food and beverage company with over 28 years of operating history in Hong Kong. It has two business segments, namely (i) the distribution business and, (ii) the retail business.

DISTRIBUTION BUSINESS

For distribution business, we distribute and market a diversified portfolio of overseas branded food and beverage products to mainly retailers, such as supermarket, pharmacy, convenience store and department store chains in Hong Kong. We provide supply chain solutions from importing the products from the overseas brand owners to marketing the products to retails in Hong Kong. Our service include (i) arranging inbound logistics; (ii) relabeling the products to comply with the relevant Hong Kong food safety and labelling laws; (iii) repackaging the products to suit the needs of the retailers or consumers; and (iv) formulating marketing and sales strategies, including advising on retail prices, organizing promotion campaigns as well as designing and producing customised display racks or stands to be placed at the customers' points of sales.

The Group was able to offer a total of approximately 7,000 SKUs of food and beverage products from over 100 brands, including "UHA (味覺糖)" and "Hsin Tung Yang (新東陽)" which are regarded as popular items by the market.

In FY2018, the revenue from the distribution business increased to approximately HK$255.4 million (2017: HK$243.1 million), representing an increase of approximately HK$12.3 million, which contributed approximately 56.5% of the total revenue.

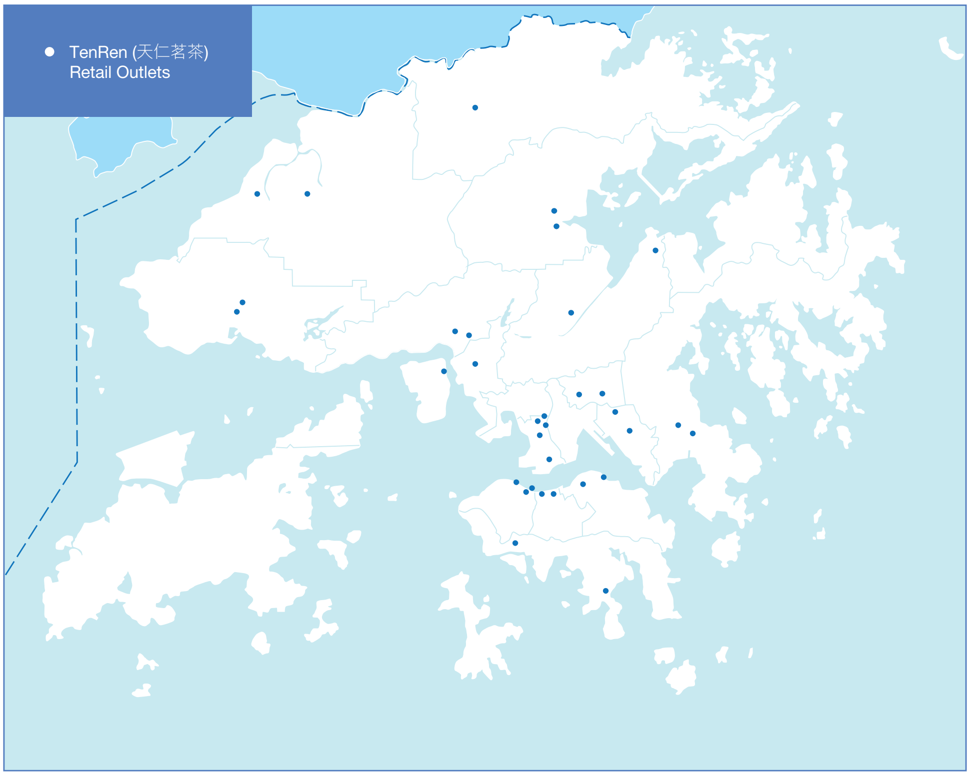
RETAIL BUSINESS

We principally prepare and/or sell overseas branded food and beverage products licensed to us at our self-operated retail outlets in Hong Kong. As at 31 March 2018, we had set up 43 self-operated retail outlets and the details of the outlets are set out below:

	Total Number of Stores As at 31 March		
	2018	2017	2016
TenRen (天仁茗茶)	**33**	24	17
Jiu Tang Wu (九湯屋)	**2**	–	–
Uncle Tetsu (徹思叔叔)	**3**	2	2
Hotel Chocolat	**3**	–	–
Others	**2**	2	1
Total	**43**	28	20

Premium Green Tea
Soft Ice Cream

During FY2018, the strengthening of consumer's spending power drove the expanding momentum of the Group's retail network. The number of Ten Ren retail outlets has increased by 9 stores, from 24 stores as at 31 March 2017 to 33 stores as at 31 March 2018. Our "TenRen (天仁茗茶)" retail network spans across Hong Kong Island, Kowloon and the New Territories in Hong Kong. The following graph shows the geographical distribution of our "TenRen (天仁茗茶)" retail network in Hong Kong as at 31 March 2018.



Premium Green
Tea Roll Cake

In FY2018, the Group had also opened one outlet for "Uncle Tetsu (徹思叔叔)" and introduced two new retail brands to Hong Kong, one is a British chocolate brand, "Hotel Chocolat", and the other is a Japanese ramen brand originated in Taiwan, "Jiu Tang Wu (九湯屋)". As at 31 March 2018, there were 3 retail outlets for the British chocolate brand and 2 outlets for the ramen brand. The revenue from the retail business increased to approximately HK$196.7 million in FY2018 (2017: approximately HK$124.9 million), representing an increase of approximately HK$71.8 million which contributed approximately 43.5% of the total revenue.

913 King's Oolong
Tea Pancake

Same store sales performance

The growth in revenue from "TenRen (天仁茗茶)" retail outlets was not only driven by the expansion of its retail network in terms of number of retail outlets, but also by the Group's ability to grow its sales within the existing outlets. We evaluate our growth within the existing outlets by calculating the average same-store sales growth, which compares average revenue derived from outlets that were in operation throughout the financial periods compared. The following table sets forth the average same-store sales performance of our "TenRen (天仁茗茶)" retail outlets:

	Year ended 31 March			
	2016	2017	**2017**	**2018**
Number of same-store	17		**24**	
Average same-store sales	HK$4.2 million	HK$4.6 million	**HK$4.6 million**	**HK$5.3 million**
Average same-store sales growth rate	8.9%		**13.7%**	

Average selling prices and volume

The average selling price of our "TenRen (天仁茗茶)" beverage products increased slightly during FY2018 primarily because we raised our prices in light of inflation and rising raw material costs and rental expenses. The average daily sales volume of the beverage products increased throughout FY2018 mainly due to the increase in the number of our retail outlets. The following table sets forth the average selling price and average daily sales volume of our "TenRen (天仁茗茶)" products for the years indicated:

	Year ended 31 March	
	2017	**2018**
Average selling price *(HK$)*		
Beverage products *(per cup)*	20.3	**20.8**
Side products *(per unit)* *(Note)*	25.4	**27.1**
Average daily sales volume		
Beverage products *(per cup)*	13,200	**21,400**
Side products *(per unit)* *(Note)*	1,400	**1,400**

Note: Side products include tea-favoured ice-cream, package tea leaves, packaged snacks and tea wares.

INDUSTRY REVIEW

The Hong Kong economy expanded at a faster pace in 2017 amid a stronger global economy. According to the statistics published by the Hong Kong Census and Statistics Department, the nominal gross domestic product grew by 6.9% in 2017, faster than the growths in 2012–2016 ranging from 3.9% to 6.1%.

In the distribution sector, distribution business operators in Hong Kong continue to face the challenges including:

Increasing operating costs

Distribution businesses are facing increasing rental costs of warehouses and retail premises. This has restricted the expansions of business scale and increased operational costs for distribution businesses. On the other hand, as the distribution business is highly labour intensive and service-oriented, increasing labour costs in the import/export trading, wholesaling and retail industries have laid pressure to the distribution business.

The ease of online retailing

Nowadays, consumers can access to almost all products and services via the internet, contributed by the online retailing and emergence of various payment platforms. Also, many food and beverage brands allow online purchases and offer fast delivery service, providing great convenience for customers. However, this somehow creates competition for traditional brick-and-mortar retailers as customers can directly purchase online rather than buying from the franchised outlets of these brands.

In the retail sector, retail business operators in Hong Kong continue to face a number of challenges, which include the following:

Pressure from rental and labour costs

The cost of operating a drink serving establishment in Hong Kong is continuously increasing due to the significant increase in market wages followed by the further increase of statutory minimum wage in 2017 and the year-on-year increase in average rental price of private retail premises. The rising operating cost translates into intensifying financial burden to the operators.

New Market Entrants in the tea drinks serving industry

The competition within the tea drinks serving industry is increasingly fierce because of the relatively lower entry barrier comparing to other industries. During FY2018, there has been a growing amount of new tea brands' presence in Hong Kong with limited product differentiation. Tea drinks operators will therefore need to spend more effort on product offering and marketing to attract consumers.

PROSPECTS

Looking forward to opportunities and challenges in 2018, the Group will continue to adhere of products of high quality and the multi-brand development strategy.

For the retail business, the Group plans to open new outlets and introduce new retails brands.

The major expansion plan of the Group's existing retail brands are set out as follows:

	Total Number of Stores For the year ending 31 March		
	2018	2019	2020
TenRen (天仁茗茶)	**33**	41	49
Jiu Tang Wu (九湯屋)	**2**	7	12

For the distribution business, the Group intends to enlarge its brand/product portfolio to remain competitive in the market and ensure a wider selection for its customers. The Group will focus on overseas brands/products that suit the tastes and preferences of Hong Kong consumers.

MANAGEMENT DISCUSSION **AND ANALYSIS**

FINANCIAL OVERVIEW

Revenue

For the year ended 31 March 2018, the Group's revenue amounted to approximately HK$452.1 million, representing an increase of approximately 22.9% from approximately HK$368.0 million for the same period in 2017. The strengthening of consumer's spending power in Hong Kong has driven the expanding momentum of the Group's retail network. The number of Ten Ren retail outlets has increased by 9 stores during FY2018, from 24 stores as at 31 March 2017 to 33 stores as at 31 March 2018. The revenue from the retail business increased to approximately HK$196.7 million in FY2018, representing an increase of approximately HK$71.8 million (2017: approximately HK$124.9 million) which contributed approximately 43.5% of the total revenue as the result of opening of new retail outlets during FY2018.

The revenue from the distribution business increased to approximately HK$255.4 million in FY2018, representing an increase of approximately HK$12.3 million (2017: approximately HK$243.1 million) which contributed approximately 56.5% of the total revenue mainly due to the increase of sales volume to local retailers in Hong Kong.

Cost of Sales

For the year ended 31 March 2018, the Group's cost of sales amounted to approximately HK$336.3 million, representing an increase of approximately 21.5% from approximately HK$276.8 million for the same period in 2017. The increase was generally in line with the increase in revenue. As a percentage of revenue, cost of sales was accounted for approximately 74.4% in FY2018 (2017: approximately 75.2%).

Gross Profit and Gross Profit Margin

For the year ended 31 March 2018, the Group's gross profit amounted to approximately HK$115.8 million, representing an increase of approximately 27.0% from approximately HK$91.2 million for the same period in 2017. The Group's gross profit margin for FY2018 increased by approximately 0.8% to approximately 25.6% as compared to 24.8% in 2017. The Group's gross profit margin hovered at a level similar to last year.

Selling and distribution expenses

For the year ended 31 March 2018, selling and distribution expenses of the Group amounted to HK$38.2 million, representing an increase of approximately 20.1% from HK$31.8 million for the same period in 2017. Such increase was mainly due to the increase in advertising and promotion expenses mainly due to the increase in number of promotion activities and marketing events held during FY2018 and the increase in transportation expenses as a result of the increase in sales volume when compared to last year.

Administrative expenses

For the year ended 31 March 2018, administrative expenses of the Group amounted to HK$51.6 million, representing an increase of approximately 120.5% from HK$23.4 million for the same period in 2017. Such increase was mainly attributable to the recognition of listing expenses amounting to approximately HK$19.6 million during FY2018 as well as the increase in the headcount and salaries of our administrative staff and management staff as a result of the expansion of our business, which was in line with the increase of our revenue during FY2018.

Finance costs, net

For the year ended 31 March 2018, net finance costs of the Group amounted to HK$2.4 million, representing an increase of approximately 71.4% from HK$1.4 million for the same period in 2017. The increase was primarily due to the increase in finance costs as a result of the drawdown of term loans of approximately HK$45.0 million and revolving loans of approximately HK$8.0 million during FY2018.

Income tax expenses

For the years ended 31 March 2017 and 2018, the Group recorded income tax expenses of HK$5.5 million and HK$7.3 million, respectively, representing an effective tax rate of approximately 16.4% and 32.6%, respectively, for the corresponding years. The relatively higher effective tax rate for the year ended 31 March 2018 was due to the recognition of listing expenses, which was not tax deductible.

Net Profit

Profit attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$14.1 million, representing a decrease of approximately 48.5% from approximately HK$27.4 million for the same period in 2017. The non-recurrence of the one-off listing expenses of approximately HK$19.6 million recognised in FY2018 caused the decrease of net profit. The net profit margin (calculated as profit for the year as a ratio of revenue) for the year ended 31 March 2018 was approximately 3.4%, as compared to approximately 7.7% for the same period in 2017. Basic earnings per share for the year ended 31 March 2018 amounted to approximately HK4.62 cents, as compared to approximately HK9.12 cents for the same period in 2017.

Capital Expenditure

During the year ended 31 March 2018, capital expenditure amounted to HK$17.7 million. This amount was used mainly for the opening of new retail outlets.

Liquidity and Financial Resources Review

Our Group is financially sound with bank deposits and cash amounting to approximately HK$118.4 million as at 31 March 2018 (2017: approximately HK$37.5 million). As at 31 March 2018, the gearing ratio of the Group was 66.1% (2017: 119.0%), which was calculated based on total debt divided by total equity at the end of the financial year and multiplied by 100%. Debt of our Group refers to bank borrowings, obligation under hire purchase contracts and amounts due to related parties. As at 31 March 2018, the Group has total banking facilities of approximately HK$146.8 million (2017: approximately HK$95.8 million) of which HK$109.4 million (2017: approximately HK$47.5 million) has been utilised. We aim to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable us to continue our business in a manner consistent with the short-term and long-term financial strategies of the Group.

Foreign Currency Risk

The Group operates in Hong Kong and is exposed to foreign exchange risk from the purchase of goods from overseas suppliers and cash and bank borrowings denominated in foreign currencies, primarily with respect to Japanese Yen, Taiwan New dollar and United States dollar.

The Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

Treasury Policies

The Group adopts prudent treasury policies. The Group's management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade receivable by taking into account the market conditions, customers' profiles and contractual terms to ensure that adequate impairment is made for irrecoverable amounts. On top of these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Operating lease commitments

The Group's operating lease commitments are related to the leased properties for the Group's retail outlet and warehouses. The Group's operating lease commitments amounted to approximately HK$44.0 million and approximately HK$93.6 million as at 31 March 2017 and 2018 respectively.

Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary shares. As at 31 March 2018, the Company had 400,000,000 Shares in issue.

Capital commitments and contingent liabilities

Details of the capital commitments are set out in note 29 to the consolidated financial statements of the Group. The Group has no material contingent liabilities as at 31 March 2018.

Employees and remuneration policies

As at 31 March 2018, the Group employed a total of 494 employees (2017: 379) and the employee benefit expenses including directors' emoluments were approximately HK$70.1 million. The Group offers a comprehensive remuneration package which is reviewed by management on a regular basis. The increase in the number of employees was mainly due to the increase in the scale of the Group's business.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 March 2018, the Group did not have any significant investments, acquisitions or disposals, except for the reorganisation of the Group with details set forth in the prospectus of the Company dated 26 February 2018 (the "Prospectus").

Use of Proceeds

The Shares have been successfully listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the listing, after deducting commission and expenses in connection with the listing, were approximately HK$87.5 million. As at 31 March 2018, the net proceeds from the share offer have not been used. The Directors will review the business opportunities available to the Group from time to time for applying the net proceeds according to the purposes stated in the Prospectus. The Directors do not anticipate that there will be any material change to the proposed use of the net proceeds from the share offer.

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Chuen Andrew ("Mr. Andrew Chan"), aged 57, is our chairman, chief executive officer and was appointed as our executive Director on 21 August 2017. He joined our Group in February 1992 and is primarily responsible for sourcing brands and products, liaising with suppliers, overall management of retail business, strategic planning and business development of our Group. Mr. Andrew Chan is a director of Wise Fine Enterprise Limited ("Wise Fine"), Saw Corporation Limited ("Saw Corporation"), National Jade Limited ("National Jade") and Sunny Land Corporation Limited ("Sunny Land"), our operating subsidiaries. From May 1985 to February 1992, Mr. Andrew Chan worked at three different companies as sales & marketing manager and merchandise manager. Mr. Andrew Chan received his bachelor's degree in arts from The University of Hong Kong in November 1985.

Mr. Andrew Chan is the brother of Mr. Chan Siu Cheung Stephen and the spouse of Ms. Tin Hau Ling Janny.

Mr. Chan Siu Cheung Stephen ("Mr. Stephen Chan"), aged 59, was appointed as our executive Director on 21 August 2017. He joined our Group in February 1990 and is primarily responsible for overall management of sales and marketing and liaising with customers of our Group. Mr. Stephen Chan is a director of Wise Fine, Saw Corporation and Sunny Land, our operating subsidiaries. In 1980s, he accumulated work experience in the field of sales and marketing at two trading companies in Hong Kong. In February 1990, he founded the business of our Group as a sole proprietor, with Mr. William Chau joining him as a partner in December 1990 and his brother Mr. Andrew Chan joining him as a partner in 1992.

Mr. Stephen Chan is the brother of Mr. Andrew Chan and the brother-in-law of Ms. Tin Hau Ling Janny.

Mr. Chau Wing Kong William ("Mr. William Chau"), aged 57, was appointed as our executive Director on 21 August 2017. He is primarily responsible for overall management of finance, inventory control, logistics and operation of our Group. Mr. William Chau is a director of Wise Fine, Saw Corporation and Sunny Land, our operating subsidiaries. Mr. Chau accumulated work experience in the field of sales and marketing as well as inventory control at three companies in Hong Kong. From 1985 to 1989, he ran a silk screen printing business. In December 1990, he joined our Group as a business partner.

Ms. Tin Hau Ling Janny ("Ms. Janny Tin"), aged 56, was appointed as our executive Director on 14 November 2017. She joined our Group on 14 November 2017 and is primarily responsible for strategic planning, business development and overseeing compliance matters of our Group. From April 1994 to March 1997, Ms. Janny Tin worked at a Hong Kong law firm where she was primarily responsible for conveyancing and litigation works. From July 1997 to May 2001, Ms. Janny Tin was a partner at another Hong Kong law firm and she was responsible for litigation works and administration. Ms. Janny Tin worked as a partner at Lo, Wong & Tsui Solicitors from May 2001 to April 2004, and she continued as a consultant since April 2004, where she is responsible for general practice. Ms. Janny Tin received her bachelor's degree in laws from the University of London in the United Kingdom in August 1990. Ms. Janny Tin was admitted as a solicitor in the United Kingdom and Hong Kong in October 1993 and January 1994, respectively.

Ms. Janny Tin is the spouse of Mr. Andrew Chan and the sister-in-law of Mr. Stephen Chan.

Independent non-executive Directors

Mr. Yu Ka Ho Bernard ("Mr. Yu"), aged 38, was appointed as our independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company on 12 February 2018. From August 2004 to July 2005, Mr. Yu worked at ProJOB21.com and was seconded to Reuters Hong Kong Limited as a data analyst in the data operations department, where he was responsible for conducting research and updating fixed income data. From December 2007 to November 2008, Mr. Yu served as a research assistant at The Pacific Group Limited, an asset management firm, where he was responsible for stock trading and analysis. From May 2010 to January 2012, Mr. Yu served as a Type 9 (asset management) regulated activity licenced representative under the SFO in Aquitaine Investment Advisors Ltd, a company engaged in asset management, where Mr. Yu was engaged in fund risk management and fund support duties. Mr. Yu held various positions in Haitong International Securities Group from January 2012 to July 2016 with his last position as a director of the fixed income, currency and commodities trading department from January 2016 to July 2016. From July 2016 to June 2018, Mr. Yu has been serving as an executive director and the head of fixed income trading, sales & trading division in ICBC International Holdings Limited, where he was responsible for overseeing bonds trading and market making business. Since June 2018, Mr. Yu has been serving as an executive director of fixed income, currency and commodities department in Haitong International Management Services Company Limited, where he is responsible for proprietary trading in fixed income, currency and commodities products.

Mr. Yu received his bachelor's degree in science and his master's degree in business administration from the University of Toronto in November 2003 and June 2007, respectively. Mr. Yu obtained the CFA charterholder qualification from the CFA Institute in September 2012.

Mr. See Hung Yan Peter ("Mr. See"), aged 56, was appointed as our independent non-executive Director, the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company on 12 February 2018. From July 1986 to September 2015, Mr. See served various positions at Federal Express (Hong Kong) Limited with his last position as the managing director of the customer service planning & engineering department, where he was primarily responsible for overall management of the planning and engineering business.

Mr. See received his high diploma in civil engineering (municipal) and associateship in civil and structural engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1985 and November 1986, respectively. Mr. See then obtained his master's degree in science in management (business) from The Hong Kong Polytechnic University in October 1995.

Mr. Chung Kwok Mo John ("Mr. Chung"), aged 49, was appointed as an independent non-executive Director, the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company on 12 February 2018. He obtained a bachelor's degree in economics from Macquarie University in April 1992 and is a member of CPA Australia and Hong Kong Institute of Certified Public Accountants, with over 20 years of experience in auditing, financial management and corporate finance. Mr. Chung was an auditor of an international accounting firm from 1992 to 1999.

From 2000, Mr. Chung held several senior management positions, including chief financial officer, executive director and independent non-executive director, in a number of listed companies in Hong Kong. Mr. Chung is presently a vice president of Yongsheng Advanced Materials Company Limited, a company listed on the Stock Exchange (stock code: 3608). Mr. Chung is also currently an independent non-executive director of the following companies listed on the Stock Exchange: (i) BYD Electronic (International) Company Limited (stock code: 285) since June 2013; (ii) Zhengye International Holdings Company Limited (stock code: 3363) since March 2011; and (iii) YTO Express (International) Holdings Limited (stock code: 6123) since December 2017.

SENIOR MANAGEMENT

Mr. Tang Kwok Hay ("Mr. Tang"), aged 32, is the chief financial officer and company secretary of our Group. Mr. Tang joined the Group in June 2017 and is responsible for overseeing the Group's daily financial operations, managing its accounting and internal control, as well as its legal affairs and investor relations.

Mr. Tang has over 10 years of experience in accounting, auditing and financial control. Prior to joining our Group, Mr. Tang served as the financial controller in WPP Marketing Communications (HK) Limited from 2013 to 2017, where he was primarily responsible for overseeing financial operations and providing commercial support to management. From 2007 to 2013, Mr. Tang worked for PricewaterhouseCoopers, with his last position as manager, where he was involved in a number of audit and assurance, capital market transactions and advisory projects advising corporate clients including listed companies and multinational companies.

Mr. Tang received his bachelor degree in business administration from The Chinese University of Hong Kong in December 2007. He obtained the qualification of financial risk manager (FRM) from the Global Association of Risk Professionals and certified public accountant (CPA) from the Hong Kong Institute of Certified Public Accountants in September 2009 and January 2011, respectively, and was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants in March 2018.

CORPORATE GOVERNANCE **REPORT**

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standard of corporate governance to safeguard Shareholder's interests.

The Company has been listed on the Stock Exchange since 14 March 2018 (the "Listing Date"). During the period from Listing Date up to the date of this annual report, the Company has applied the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The corporate governance principles of the Company emphasises an effective board with a high level of integrity, sound internal controls, as well as ensuring a high degree of transparency and accountability, which does not only enhance corporate value for Shareholders but also protects the long-term sustainability of the Group.

In the opinion of the Board, during the period from the Listing Date up to the date of this annual report, the Company has complied with all the code provisions of the CG Code, save and except for code provision A.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Kam Chuen Andrew is both our chairman and chief executive officer and is responsible for the overall management of the Group and directing the strategic development and business plans of the Group.

The Board believes that vesting the roles of the chairman and chief executive officer in the same individual (that is, Mr. Chan Kam Chuen Andrew) would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Mr. Chan Kam Chuen Andrew) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company and ensure compliance with the code provisions of the CG code.

DIRECTORS' 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 to the Listing Rules as its own code of conduct governing the Directors' transactions in the listed securities of the Company. Employees of the Group (the "Relevant Employees") who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code.

The Company has made specific enquiry of all Directors, and each Directors has confirmed that he or she has complied with the standards as set out in the Model Code during the period from the Listing Date to the date of this report. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the period from the Listing Date to the date of this report.

BOARD OF DIRECTORS

Responsibilities of the Board

The Board is responsible for the leadership and control of the Company and is vested with the overall management of the Group's business. The Board is collectively responsible for promoting the success of the Company by providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. Such responsibilities include implementing the strategies and plans as approved by the Board, formulating and monitoring the operation and production plans and budgets, as well as internal control systems, risk management systems, material transactions (in particular those that may involve a conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

BOARD COMPOSITION

Currently, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors.

	Membership of Board Committee(s)
Executive Directors	
Mr. Chan Kam Chuen Andrew *(Chief Executive Officer & Chairman)*	N/A
Mr. Chan Siu Cheung Stephen	N/A
Mr. Chau Wing Kong William	N/A
Ms. Tin Hau Ling Janny	N/A
Independent non-executive Directors	
Mr. Yu Ka Ho Bernard	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee
Mr. See Hung Yan Peter	Chairman of Nomination Committee Member of Audit Committee Member of Remuneration Committee
Mr. Chung Kwok Mo John	Chairman of Audit Committee Member of Remuneration Committee Member of Nomination Committee

Detailed biographies of the Directors can be found on pages 13 to 15 of this annual report. The relationships between the members of the Board are also disclosed under the same section.

All Directors are elected for a term of three years, subject to retirement by rotation and re-election at the Company's annual general meeting ("AGM").

The Directors bring a good balance of skill and experience to the Company. They have been made fully aware of their collective and individual responsibilities to shareholders. All Board appointment are based on merit, and candidates are considered against various objective criteria, with due regard for the benefits of diversity on the Board. Oversight of this Board diversity policy is the responsibility of the nomination committee.

The Company has three independent non-executive Directors, who bring a wide range of business and financial experience to the Board. By their active participation in Board meeting and by their service on various Board committees, the independent non-executive Directors contribute in important ways to the effective direction and strategic decision-making of the Group. All of the independent non-executive Directors meet the guidelines under the Listing Rules for assessing independence, and each has signed a declaration confirming his independence pursuant to Rule 3.13 of the Listing Rules.

From the Listing Date up to the date of this annual report, the Board at all times met the requirement of Rules 3.10 (1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors.

A full list of Directors is available on the respective websites of the Company and the Stock Exchange, and is disclosed in all corporate communications issued by the Company from time to time in accordance with the Listing Rules.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company. Every newly appointed Director will receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

For the year ended 31 March 2018 up to the date of this annual report, the Company organised a training session conducted by lawyers for Directors and all Directors have attended the training session. The sessions conducted by lawyers focused on corporate governance, directors' duties, responsibilities and obligations under the Listing Rules.

BOARD COMMITTEES

The Board established the remuneration committee, nomination committee and audit committee to assist in carrying out its responsibilities and functions. Each of these committees has specific written terms of reference setting out its duties and authority. The committees have sufficient resources to execute their requisite duties and enjoy the support of the management.

REMUNERATION COMMITTEE

The primary duties of the remuneration committee are to (a) establish a formal and transparent procedure for developing remuneration policy; (b) formulate and recommend to the Board policies and structures for the remuneration of Directors and senior management; (c) determine specific remuneration packages for all executive Directors and senior management in the manner specified in its terms of reference; (d) make recommendations to the Board on the remuneration of independent non-executive Directors; (e) review the appropriateness of the remuneration policy; and (f) review and make recommendations to the Board as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the approval of the Shareholders in general meeting pursuant to the Listing Rules. The current members of the remuneration committee are Mr. Yu Ka Ho Bernard, Mr. See Hung Yan Peter and Mr. Chung Kwok Mo John, all being independent non-executive Directors.

NOMINATION COMMITTEE

The primary duties of the nomination committee are to (a) review the structure, size and diversity of the Board; (b) assess the independence of independent non-executive Directors; (c) make recommendations to the Board on any proposed change to the Board or selection of individuals nominated for directorships, or on appointment or re-appointment of Directors. The current members of the nomination committee are Mr. See Hung Yan Peter, Mr. Yu Ka Ho Bernard and Mr. Chung Kwok Mo John, all being independent non-executive Directors.

AUDIT COMMITTEE

The primary duties of the audit committee are to (a) make recommendations to the Board on the appointment and removal of external auditor; (b) review the financial statements and material advice in respect of financial reporting and (c) oversee the internal control procedures of the Company. The current members of the audit committee are Mr. Chung Kwok Mo John, Mr. Yu Ka Ho Bernard and Mr. See Hung Yan Peter, all being independent non-executive Directors.

This annual report has been reviewed by the audit committee.

The terms of reference of the audit committee is available on the respective websites of the Company and the Stock Exchange.

BOARD MEETINGS

The Board scheduled 1 meeting between the Listing Date up to the date of this annual report. All Directors attended the meeting. The Company expects to hold at least four meetings per year, with special Board meetings being scheduled as required. Formal notice of at least 14 days will be given in respect of a regular meeting, while for special Board meetings, reasonable notice will be given.

DIRECTORS' LIABILITIES INSURANCE

From the Listing Date to 31 March 2018, the Company had arranged for appropriate and adequate insurance cover to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage is reviewed and renewed by the Board on an annual basis.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for ensuring that the Company maintains and implements comprehensive corporate governance practices and procedures. From the Listing Date to 31 March 2018, the Board:

(1) established and reviewed the corporate governance policies and practices of the Company as well as made relevant recommendations;

(2) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Group;

(3) reviewed and monitored the policies and practices of the Company to ensure compliance with relevant legal and regulatory requirements;

(4) established, reviewed and monitored the code of conduct of Directors and employees of the Group; and

(5) reviewed compliance with the CG Code and made necessary disclosure in the annual report.

CORPORATE GOVERNANCE
REPORT

This corporate governance report has been reviewed by the Board in fulfillment of its corporate governance responsibilities.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board meeting and Board Committee meetings of the Company held during the period from the Listing Date and up to the date of this annual report is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**General Meeting**
Executive Directors					
Mr. Chan Kam Chuen Andrew	1/1	N/A	N/A	N/A	N/A
Mr. Chan Siu Cheung Stephen	1/1	N/A	N/A	N/A	N/A
Mr. Chau Wing Kong William	1/1	N/A	N/A	N/A	N/A
Ms. Tin Hau Ling Janny	1/1	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Chung Kwok Mo John	1/1	1/1	1/1	1/1	N/A
Mr. Yu Ka Ho Bernard	1/1	1/1	1/1	1/1	N/A
Mr. See Hung Yan Peter	1/1	1/1	1/1	1/1	N/A

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2018. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 46 to 50 of this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration that should be paid to the external auditor of the Company, PricewaterhouseCoopers, for the audit of the year ended 31 March 2018 and non-audit services is set out below:

	Service Category Fees Paid/Payable HK$'000
Services rendered	
Audit services	1,860
Non-audit services *(Note)*	5,600
Total	7,460

Note: Non-audit services provided to the Group included the reporting accountant's work in connection with the initial public offering of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

Sound and effective internal control systems are important to safeguard the Shareholders' investment and the Company's assets and the Board is responsible for maintaining an adequate internal control system to safeguard them.

Procedures have been put in place to safeguard the Group's assets against unauthorised use or disposal, to ensure proper accounting records are kept so that reliable financial information can be provided when required, and to ensure compliance with all applicable laws and regulations. These procedures have been based on industry norms and are designed to provide reasonable assurance and protection against errors, losses and fraud.

In compliance with code provision C.2.5 of the CG Code, an evaluation and review of the Group's internal control and risk management system was conducted by an external independent professional consultant during the year.

The Board, through the audit committee, conducted an annual review on the effectiveness of the Group's risk management and internal control systems in its financial, operational and compliance controls and risk management functions, including but not limited to (i) the Group's ability to respond to changes in its business and external environment in terms of significant risks; (ii) the scope and quality of management's ingoing monitoring of risks and of monitoring results to the Board in relation to the result of risk and internal control review; (iii) significant control failing or weakness having been identified and their related implications; and (iv) status of compliance with the Listing Rules. The Board is of the opinion that the Group's risk management and internal control systems were adequate and effective from the Listing Date to 31 March 2018.

The Board, also through the audit committee, has reviewed the adequacy of the Group's resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting functions as well as qualifications and experience of the internal auditors.

COMPANY SECRETARY

Mr. Tang Kwok Hay ("Mr. Tang") is the company secretary of the Company. Mr. Tang supports the Board by ensuring that reliable and relevant flow of information is maintained amongst members of the Board and that all procedures have been adhered to in accordance with applicable laws, rules and regulations. Mr. Tang is also the primary contact person within the Company for all matters relating to the duties and responsibilities of the company secretary.

During the year ended 31 March 2018, Mr. Tang has complied with Rule 3.29 of the Listing Rules in relation to taking of relevant professional training.

SHAREHOLDERS' RIGHTS

The company is committed to maximizing transparency for shareholder, and ensuring that shareholders have clear knowledge of decisions made by the Company.

Procedures for Shareholders to Convene an Extraordinary General Meeting

In accordance with article 58 of the articles of association of the Company (the "Articles of Association"), extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at the general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting should be held within two months after the deposit of such requisition.

Procedures for Raising Enquiries

The Shareholders of the Company may at any time send their enquiries and concerns in respect of the Company to the following correspondence address, email address and fax number of the Company for the attention of the company secretary:

Address: Room 911, 9/F, Tai Yau Building, 181 Johnston Road, Wan Chai
Email: investor-relations@bandshk.com
Fax: (852) 2893 6632

The Shareholders may also direct their queries regarding their shareholdings, share transfer/registration, payment of dividend and change of correspondence address to the Company's branch share registrar in Hong Kong, Union Registrars Limited:

Address: Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Email: info@unionregistrars.com.hk
Tel: (852) 2849 3399
Fax: (852) 2849 3319

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through AGM(s) and other extraordinary general meetings. At the AGM, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Company's website (www.bandshk.com) provides comprehensive and accessible news and information of the company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform the shareholders and investors of the latest development of the Company.

CONSTITUTIONAL DOCUMENTS

An up-to-date version of the Articles of Association is available on both the websites of the Hong Kong Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is pleased to present the first environmental, social and governance ("ESG") Report for the year ended 31 March 2018. The content of this ESG Report covers the performance and efforts towards environment, society and governance of the Company and its subsidiaries (the "Group") in its major operating locations.

This ESG report is prepared in accordance with the requirements set forth in the ESG Reporting Guide under Appendix 27 of the Listing Rules, it presents our major ESG policies, initiatives and performance of the Group for the year ended 31 March 2018 ("the reporting period").

This report was approved by the Company's Board of Directors and aims to provide a balanced representation of the Group's effort on the ESG matters which covered the Group's operations for the reporting period.

Scope of report

The Group has its major operations in Hong Kong. The report content focused on the Group's distribution and retail operation in Hong Kong which included the offices, warehouse and retail shops.

Materiality Assessment

Following the discussion with our senior management and operational staff, we have identified the ESG issues relevant to the Group. The identified ESG issues have been assessed by considering their importance to our stakeholders as well as the Group. An ESG Reporting Guide Content Index are set out on pages 32 to 35 of this report to comply with the "comply or explain" provision in accordance to the ESG Reporting Guide.

Corporate Social Responsibility ("CSR") Vision, Policy and Strategy

The Group has adopted a CSR Policy in order to commit to the highest standards of corporate governance, and aims to integrate CSR into the Group's business strategy and management approach.

CSR is viewed as a business philosophy that creates shared sustainable value with its stakeholders in the economic, social and environmental dimensions. The Group's CSR Vision and CSR Policy guide the Group's business and operational decisions to take into account its responsibility to the CSR cornerstones with pragmatic objectives providing guidance on the application of these principles in its daily operations. The Group's CSR Policy describes our long-term approach to specific issues in the four cornerstones: Marketplace, Workplace, Community and Environment, which is instrumental in enabling our business to operate in a sustainable manner. Within each of the cornerstones, core principles and pragmatic objectives provide guidance on practicing CSR in our daily operations.

Environmental, Social and Governance Working Group

To demonstrate our commitment to transparency and accountability, the Company has established an ESG working group, which has clear terms of reference that set out the powers delegated to it by the Board.

MARKETPLACE

The Group aims to strike a balance between efficient operation and environmental protection and provide services in a sustainability matter. To enhance the sustainability, the Group has provided an online ordering channel to the customers through electronic data interchange system and encourage using e-communication in the business operation and communication with suppliers and customers.

Supply Chain Management

The Group has recognised the significance of suppliers in affecting the sustainability of all the business operations. Not only the suppliers play a crucial role in influencing the overall performance but also imprint the Group's reputation among the societies where the Group operates. Responsible behaviour, equality and sensitivity towards dynamic needs of stakeholders are the top entities that are addressed when conducting the business. For this purpose, it is ensured that all the supply chain partners are treated in a fair and just manner during the related business activities.

The Group usually guarantees that there are multiple qualified suppliers of raw materials to control stability of supply and ensure the production process is smooth and timely. The Group has established an approved supplier list which our purchasing department regularly conducts supplier reviews to ensure product quality and safety. All suppliers are required to hold valid licences required by the government, and all imported goods shall obtain proper clearance from the respective authorities. The supplier review and assessment system is based on a set of selection criteria including, but not limited to, the pricing and quality of ingredients, and the reputation, service, agility, delivery efficiency and past performance of the suppliers.

During the year, the Group is not aware of any key suppliers with any significant negative impact on business ethics, environmental protection and labour practice. The Group has not received any complaint from suppliers during the reporting period.

Product and Services Responsibility

All the employees, customers and associated professionals are ensured privacy pertaining to their personal data. The Personal Data (Privacy) Ordinance and guidelines that are announced by the Office of the Privacy Commissioner for Personal Data in Hong Kong and the provisions of protecting person privacy stipulated in the related laws and regulations in the PRC are closely followed by the Group.

As a food and beverage distributor with operation of well known retail brands, the Group has continuously monitored on the following laws and regulations.

Category	Relevant laws and regulations
Food safety and product responsibility	• Public Health and Municipal Services Ordinance • Food Safety Ordinance • Imported Game, Meat, Poultry and Eggs Regulations • Consumer Goods Safety Ordinance • Import and Export (Registration) Regulations • Food and Drugs (Composition and Labelling) Regulations
Restaurant Licensing	• Public Health and Municipal Services Ordinance • Food Business Regulation (Chapter 132X of the Laws of Hong Kong) • Frozen Confections Regulation (Cap. 132AC of the Laws of Hong Kong)

Moreover, the Group has set up operational manual and perform continuous training to the operation team to ensure the laws and practices are strictly pursued by the Group's operation team. We value the compliance to the regulation and also the quality of products and services. The Group has internal guideline in maintaining the products quality, food safety and health related matters.

The Group has a quality assurance department to assess the food ingredients of the distributed products and ensure all products has been checked that they have not contained prohibited ingredients and ensure the food label provides sufficient information to the end users. From importing to storage, the Group keep on maintaining a high standard of food protection and monitoring to ensure the goods are stored in a clean and safe environment.

We also value our products quality and the food safety on our products. The Group has clear guidance on maintaining a high standard of environmental hygiene. The Group has established a cleaning standard procedures and training is provided to all operational staff to ensure they have followed the Group's policy and maintained high standard of hygiene in the central kitchen and the cooking area of all retail shops.

Anti-corruption

Our Group implements an Anti-Corruption and Whistleblowing Policy. We provide our staff with proper whistleblowing channels so that they can raise concerns when needed, without fear of reprisal or any negative impacts.

We encourage our employees to voice out their opinion and our Group will not take any negative action against staff for voicing out their concerns through the proper whistleblowing channels. Our Group fully supports employees to raise concerns in good faith and the mentioned issue will be discussed by management and dealt with a professional and appropriate manner.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

WORKPLACE

The credit to the Group's success and tremendous progression in the marketplace goes to the workforce, who has offered high efficiency, quality and commitment to the Group. To develop a conducive work environment, the Group aims at building a cross-cultural workforce, developing the competencies of employees, recognizing, motivating and rewarding talent and ensuring the well-being and safety of all individuals. The Group adopted the Code of Conduct by introducing the internal guideline on employee's Code of Conduct, such as anti-bribery, anticorruption and whistleblowing.

Employment

The personal data ordinance, employment ordinance, minimum wages ordinance, non-discrimination policies and other ordinances related to occupational health and safety of the employees are followed by the Group.

For recruitment and selection, the Group follows its internal policy for recruitment. This policy encourages the recruitment of those candidates who have the desired competencies and attitude to execute a job; and are equipped with adequate experience and merits. The policy is non-discriminatory, wherein the gender, religious affiliation, ethnicity, age and race of the candidate are not considered when recruiting; only the talent is given the top priority. Also, the labour contracts are timely developed and a strong labour relationship is maintained and promoted in accordance with the law. Recruitment is an essential process that caters to the recognition of talent, however, retaining that talent is also equally integral for attaining higher rate of growth and success. In this regard, the Group has established a policy on employee's remunerations and benefits, which emphasises on retaining the high-potential employees through entitlement of numerous special benefits included paid birthday leave and medical benefits. The Group also offers staff benefits and sends out gifts to staff during festivals.

Our staff handbook is well established and issued to all staff for their reference pertaining to office rules and benefits such as typhoon arrangements, annual leave, working hours, office attire, jury duty, salary and lunch hours as well as other rules and benefits. We provide employees with proper whistleblowing procedures in place for our employees to follow without fear of reprisal or receiving any negative feedback.

Health and Safety

The Group is highly committed towards promoting a healthy and safe environment to all the employees as it facilitates a sustainable corporate culture. Being healthy not only corresponds to personal benefits but also increases the productivity of individuals, thus increasing the overall efficiency.

To mitigate workplace accident, we always provide sufficient training to all new staff to ensure they are well trained and understood the working procedures and equipment being used. The training contents include the workplace safety and procedures of using the operational machineries. All equipment including sanitary fitments, ventilation and facilities for cleaning equipment are monitored by the Group periodically to remain at a high safety standards and well functional condition. The Group also makes sure that first aid kits and fire extinguishing equipment are present and placed in appropriate locations inside retail shops.

We are also trying to mitigate the risk of work injury, we have set up an internal reporting system and require the staff to report every injury to their supervisor in order to enhance the internal guidance and lower the risk of re-occurrence of similar accident.

During the reporting period, the Group was not aware of any material incident on the health and safety aspect.

Development and Training

The employees are rendered as the most valuable asset with which the business grows and flourishes in terms of both, monetary and reputation. At the Group, the employees are valued and given importance by not only varnishing their skills for business growth but also for their career growth.

The employees are subjected to continuous and effective trainings that promote knowledge acquisition and knowledge transfer. We believe training and development of the staff is one of the key to our business success. To maintain the highest standard of our product and services, all staff will receive on the job training provided by their supervisor. The Group always encourages and supports the staff to look for training opportunities based on their job duties and career development needs.

Moreover, suitable performance evaluations are adopted for monitoring the development of all the employees. Comprehensive performance evaluation is effective in assessing the productivity and work efficiency of individuals that further assists in identifying the weaknesses and strengths. A regular transparent review process is conducted for reviewing the employees' performance, attitude and abilities.

Labour Standards

It is essential to note that the Group is committed towards the growth and well-being of its employees or workforce. All the laws and regulations pertaining to the prevention of child and forced labour are strictly followed.

During the reporting period, the Group was not aware of any non compliance issue on the labour standards.

COMMUNITY

The Group has realised the significance of a sustainable community in facilitating the growth and development of all the business operations. It is the responsibility of the Group to contribute to the well-being of the community in which it operates. For this purpose, the Group has continuously involved in charitable activities in the communities and encouraged the employees to participate in in-house or external community activities.

During the reporting period, the Group has supported the charitable activity organised by the Asbury Methodist Social Service and provided charitable gifts to the people needed. The event aimed at sharing the happiness and promoting love to the poverty during the Chinese New Year Festival. The Group will continue to explore other means to contribute more to the community and strive to facilitate the building of a healthy and sustainable society in the future.

ENVIRONMENT

The Group is devoted to conserving and protecting the environment, for which, several activities and measurements are undertaken. Moreover, the Group has realised its role as a responsible enterprise and aims at recognizing the effect of its operations on the environment while facilitating its financial growth.

Further, the Group performs its business operations in accordance with the environmental laws and abides by the applicable legislation. Adequate measurements are undertaken to spread environmental awareness among the employees, which are to re-use, recycle and dispose the waste materials adequately.

Fuel consumption on the logistic arrangement

The major source of air emissions that are indirectly generated by the Group is attributed to the vehicle usage from the distribution business. The Group has outsourced the transportation arrangement to a logistic company for the distribution of food products to the self operated retail shops and customers including local supermarkets, pharmacies, convenience stores, department stores, bakeries, confectionery stores and trading companies. The burning of petroleum for the running of vehicles produces various air emissions such as sulphur oxides, nitrogen oxides and particulate matters emissions.

In respect of reducing the sulphur oxides, nitrogen oxides and particulate matters emissions, the Group cooperates with the logistic company by adopting a transportation day plan to ensure distributions are made on the same day for close locations which enables the efficient use of vehicles and the least air emissions to be produced. Apart from that, the Group has arranged direct delivery from the supplier to the retail shop location if possible and hence improve the operational efficiency and also mitigate the air pollution from the logistic arrangement.

To further monitor the performance on this aspect, the Group will communicate with the logistic company to provide more details on the fuel consumption in the business operation.

Energy usage management

The Group's material resources consumption attributed to the purchased electricity and water by the retail shops, warehouse, central kitchen and the head office. As the Group retail business does not contain any flame cooking, the greenhouse gas emissions produced by the Group is basically indirect and attributed to the consumption of purchased electricity from "HK Electric" and "CLP" as well as water from "Water Supplies Department" which located in the Scope 2 and 3 of greenhouse gas emission area.

The Group adheres to the concept of energy conservation and emission reduction for green business. We aim to improve our energy utilization efficiency to achieve low-carbon practices and emission reduction throughout our operation and strive to save the resources.

The Group determines to maximise energy conservation in its office and retail shops by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing of environmental friendly electrical appliances with high efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste. Idle lightings, electrical appliances, as well as electric and electronic devices (including but not limited to computers, printers, photocopiers and air conditioners) will be switched off. Moreover, the Group uses light emitting diode ("LED") lighting and T5 Fluorescent tubes instead of incandescent light bulbs in various areas of the Group's office and retail shops.

The Group also believes that water is essential to all communities. We promote water conservation to our employees. Reminders of water-saving responsibilities, in the form of notices and signs, are posted near to water outlets in the kitchens and offices. The Group records and analyses the monthly consumption rate of water regularly. After identifying the causes of high rates of water consumption, the Group will take remedial action to minimise water use.

Packaging materials usage

During the operation of retail outlets such as "TenRen (天仁茗茶)", "Uncle Tetsu (徹思叔叔)" and "Jiu Tang Wu (九湯屋)", the Group consumed several kinds of packaging materials in order to process our products to customers. The packaging materials are generally paper cups, plastic packaging of straws, plastic bags, paper bags and plastic dishes.

The Group is dedicated to consume the least packaging materials as possible. It is the Group's practice to provide as needed so as to assess the approximate amount of packaging materials needed for the period. The Group is also committed to source recyclable packaging materials from suppliers with eco-friendly practice and engagement.

Wastage management

The Group's material and major solid and liquid waste emission is attributed to the operation of retail outlets where serves food and beverage service which food waste and waste cooking oil are the majority waste.

We ensure that we reduce waste through increasing our efficiency, avoiding over purchasing of ingredients and materials and other methods in order to limit the amount of waste that is generated during the operation of our retail shops. General wastage and food waste is minimal for our current operation. The Group will consider to maintain the wastage data if there is any change in our business operation.

The food waste and general waste are collected by the sanitary department of the government, while the Group has engaged a qualified collection company to collect and reuse waste cooking oil on a weekly basis. The waste oil collection company is a licensed firm under the "Environmental Protection Department" registration scheme. The Group purchases and prepares food on a need basis and we consider general waste and food waste has minimal effect to our ESG performance based on our current practice. The Group will consider collecting wastage data to provide more details on the wastage management aspect.

For office general wastage management, the Group utilises e-communication when interacting with the customers to reduce paper usage. Also, for minimizing carbon footprint across the office, the Group promotes the use of e-statement for reducing paperwork.

Environmental protection and reduction of wastage

The Group's emissions are generally indirect, non-hazardous which produce less impact due to the business nature. The Group also promotes green approaches towards its operation practice for the retail outlets and office and we will further strengthen the practice to commit to the environmental sustainability.

General practice

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce electricity consumption.
- All windows and doors must be closed when the air-conditioners turn on.
- Affix save energy posters near the main switches in order to remind our employees of energy saving.
- Switch off non-essential lighting if there are only few people working in the office or retail outlets.

Electricity and water usage management

- All staff should turn off the water tap when it is not in use.
- All staff should not use the tap water for cleaning their body or clothing.

Wastage management

- Promote "bring your own mugs or tumblers" for beverage purchase by providing discount.
- Dispose the used oil in retail shop to a qualified collector for recycle use.
- Return used toner cartridges to respective suppliers for recycling.
- Encourage duplex printing and reuse of single-side used paper.
- Refill pens instead of buying a new pen when needed.
- Reduce paper printing by conducting e-filing.
- Encourage employees to adjust the margins and font size of documents so as to optimise the use of paper.

As a socially responsible enterprise, protecting nature and the environment has become our inescapable social responsibility, the Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

Performance Summary

Emissions Indicators

Indicators	2018
Total GHG emissions (tonnes)	21,659.52
Total GHG emissions per floor area (tonnes/square feet)	0.29
Total GHG emissions per employee (tonnes/employee)	45.89
Indirect emissions (tonnes)	
• Scope 2 — Energy indirect emissions	1,283.82
• Scope 3 — Other indirect emissions	20,375.60

Electricity consumption

Indicators	2018
Total electricity consumption (KWh)	2,248,894.78
Total electricity consumption per floor area (KWh/square feet)	31.30
Total electricity consumption per employee (KWh/employee)	4,764.61

Packaging material consumption

Indicators	2018
Total consumption (tonnes)	3,687.03
• Paper	1,868.46
• Plastic	1,818.22
• Fabric	0.35
Total packaging material consumption per floor area (tonnes/square feet)	0.05
Total packaging material consumption per employee (tonnes/employee)	3.96

Water consumption

Indicators	2018
Total water consumption (m^3)	71,268.66
Total water consumption per floor area (m^3/square feet)	1.00
Total water consumption per employee (m^3/employee)	150.99

1. The greenhouse gas ("GHG") emission is principally arise from the operational use that generate indirect emission from the packaging materials, electricity, fresh water and sewage water usage.

2. The GHG emission is present in carbon dioxide equivalent based on the reporting requirement of the EPD's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" issued by Electrical and Mechanical Services Department and Environmental Protection Department and the "Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong" published by the University of Hong Kong and City University of Hong Kong.

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	2018 ESG report
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	This report — Environment, page 28
KPI A1.1	The types of emissions and respective emissions data	This report — Environment, page 28 This report — Performance summary, page 31
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	This report — Environment, page 28 This report — Performance summary, page 31
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Not applicable on the Group's business.
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	This report — Environment, page 29
KPI A1.5	Description of measures to mitigate emissions and results achieved	This report — Environment, page 28
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	This report — Environment, page 30

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	2018 ESG report
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	This report — Environment, page 29
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	This report — Environment, page 29 This report — Performance summary, page 31
KPI A2.2	Water consumption in total and intensity	This report — Environment, page 29 This report — Performance summary, page 31
KPI A2.3	Description of energy use efficiency initiatives and results achieved	This report — Environment, pages 29 to 30
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	This report — Environment, pages 29 to 30
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	This report — Environment, page 29 This report — Performance summary, page 31
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	This report — Environment, page 30
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	This report — Environment, pages 28 to 30

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	2018 ESG report
B. Social		
Employment and Labour Practices Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	This report — Workplace, page 26
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	This report — Workplace, pages 26 to 27
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	This report — Workplace, page 27
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	This report — Workplace, page 27

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	2018 ESG report
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	This report — Marketplace, page 24
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	This report — Marketplace, pages 24 to 25
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	This report — Marketplace, page 25
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	This report — Community, page 28

REPORT OF THE **DIRECTORS**

DIRECTORS' REPORT

Our Board is pleased to present their report together with the audited consolidated financial statements of our Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and its subsidiaries principally engage in the distribution and retail of food and beverage products.

An analysis of our Group's performance for the year by operating segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of our Group for the year ended 31 March 2018 are set out in the consolidated statement of comprehensive income on page 51 of this report.

Our Board recommends the payment of a final dividend of HK3 cents per share for the year ended 31 March 2018, subject to the approval of Shareholders at the annual general meeting (the "AGM"), to the Shareholders whose names appear on the register of members of the Company on Monday, 10 September 2018.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of our Company on Monday, 27 August 2018 are entitled to attend and vote at the AGM of our Company. The register of members of our Company will be closed from Wednesday, 22 August 2018 to Monday, 27 August 2018, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 21 August 2018.

For determining the entitlement to the proposed final dividend for the year ended 31 March 2018 (subject to the approval of the shareholders of the Company at the AGM), the register of members of the Company will be closed from Monday, 3 September 2018 to Monday, 10 September 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 31 August 2018.

BUSINESS REVIEW

A review of the business of our Group during FY2018 and a discussion on our Group's future business development are set out in the "Chairman's Statement" as well as the "Management Discussion and Analysis" on pages 4 to 5 and pages 6 to 12 of this report respectively. An analysis of our Group's performance during FY2018 using financial key performance indicators is set out in "Management Discussion and Analysis" on pages 6 to 12 of this report. In addition, the Group's environmental policies and performance is set out in the "Environmental, Social and Governance Report" on pages 23 to 35 of this report.

SHARE CAPITAL

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

RESERVES

Details of the movements in the reserves of our Group and our Company during FY2018 are set out in the consolidated statement of changes in equity, note 24 and note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the reserves of our Company available for distribution to the shareholders of our Company amounted to approximately HK$172.0 million.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige our Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL INFORMATION SUMMARY

A summary of the results and the assets and liabilities of the Group is set out on page 112 of the annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 12 February 2018. As at the date of this report, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 40,000,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange. The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Company (including exercised, cancelled and outstanding options) 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 purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Board may, at its discretion, grant an option to the eligible participants to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme.

The Share Option Scheme will remain in force for a period of ten years from its effective date (i.e. will expire on 12 February 2028). Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including but not limited to those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

The Board confirms that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. As at 31 March 2018, no option had been granted, exercised, cancelled or lapsed under the Share Option Scheme. A total of 40,000,000 Shares are available for issue under the Share Option Scheme, representing approximately 10% of the total issued capital of the Company as at 31 March 2018.

RETIREMENT BENEFIT SCHEME(S)

Our Group participated in retirement benefit scheme(s) in accordance with the relevant rules and regulations in Hong Kong. Particulars of the retirement benefit scheme(s) are set out in note 10 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as of 31 March 2018 are set out in note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2018, our five largest customer accounted for 32.4% of our total revenue, of which 22.9% of our total revenue was generated from our largest customer. During FY2018, our five largest suppliers accounted for 60.1% of our total purchases of which 33.7% of our total purchases was generated from our largest supplier. None of our Directors or any of their respective associates or any shareholder which to the best knowledge of our Directors, who own more than 5% of the Company's issued share capital, had any interest in any of our Group's five largest customers or suppliers during FY2018.

DIRECTORS

The Directors during FY2018 and up to the date of this report are as follows:

Executive Directors:

Mr. Chan Kam Chuen Andrew (Chief Executive Officer & Chairman)	(appointed on 21 August 2017)
Mr. Chan Siu Cheung Stephen	(appointed on 21 August 2017)
Mr. Chau Wing Kong William	(appointed on 21 August 2017)
Ms. Tin Hau Ling Janny	(appointed on 14 November 2017)

Independent Non-Executive Directors:

Mr. Yu Ka Ho Bernard	(appointed on 12 February 2018)
Mr. See Hung Yan Peter	(appointed on 12 February 2018)
Mr. Chung Kwok Mo John	(appointed on 12 February 2018)

There have been no changes in Directors during the period from the Listing Date to 31 March 2018.

Pursuant to Articles 84(1) and (2) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire by rotation at each AGM. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself/herself for re-election. In addition, code provision ("Code Provision") A.4.2 of the CG Code stipulates that each Director should be subject to retirement by rotation at least once every three years.

Mr. Chan Siu Cheung Stephen, Mr. Chau Wing Kong William and Mr. Chung Kwok Mo John shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. The Company has received annual confirmation of independence from the three Independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 15 of this report.

DIRECTORS' SERVICE CONTRACTS/LETTERS OF APPOINTMENT

Each of the executive Directors has respectively entered into a service contract commencing from the Listing Date with the Company for an initial term of three years. The service contracts may be terminated in accordance with the respective terms of the service contracts.

The three independent non-executive Directors were appointed pursuant to the respective letter of appointment for an initial term of three years commencing from the Listing Date. The letters of appointment may be terminated in accordance with the respective terms of the letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to enter into a service contract or letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

PERMITTED INDEMNITY PROVISION

During the financial year and up to date of this report, the Company has in force indemnity provisions for the benefit of the Directors. The permitted indemnity provisions are provided according to the Articles of Associations and the Company has maintained the directors and officers liability insurance in respect of potential liability and costs associated with legal any proceedings which may be brought against the Directors of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be disclosed, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Name of Director	Nature of Interest	Number of shares	Percentage of total issued Shares (%)
Mr. Chan Kam Chuen Andrew	Interest in a controlled corporation (note 1)	100,000,000 (long position)	25.0
Mr. Chan Siu Cheung Stephen	Interest in a controlled corporation (note 2)	100,000,000 (long position)	25.0
Mr. Chau Wing Kong William	Interest in a controlled corporation (note 3)	100,000,000 (long position)	25.0
Ms. Tin Hau Ling Janny	Interest of spouse (note 4)	100,000,000 (long position)	25.0

Notes:

1. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by ACAC Investment Limited, which in turn was owned as to 100% by Mr. Andrew Chan. By virtue of the SFO, Mr. Andrew Chan is deemed to be interested in the same number of Shares held by ACAC Investment Limited.

2. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by SCSC Holdings Limited, which in turn was owned as to 100% by Mr. Stephen Chan. By virtue of the SFO, Mr. Stephen Chan is deemed to be interested in the same number of Shares held by SCSC Holdings Limited.

3. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by CCST Investment Limited, which in turn was owned as to 100% by Mr. William Chau. By virtue of the SFO, Mr. Chau is deemed to be interested in the same number of Shares held by CCST Investment Limited.

4. Ms. Janny Tin is the spouse of Mr. Andrew Chan. By virtue of the SFO, Ms. Janny Tin was deemed to be interested in the same number of Shares in which Mr. Andrew Chan was deemed to be interested under the SFO.

Save as disclosed above, as at 31 March 2018, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and the Code of Conduct.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company), either directly or indirectly, had interests or short positions in the shares or underlying shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required to be recorded in the register to be kept pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Percentage of total issued Shares (%)
ACAC Investment Limited	Beneficial interest (note 1)	100,000,000 (long position)	25.0
SCSC Holdings Limited	Beneficial interest (note 2)	100,000,000 (long position)	25.0
Ms. Cheung Choi Ngo	Interest of spouse (note 3)	100,000,000 (long position)	25.0
CCST Investment Limited	Beneficial interest (note 4)	100,000,000 (long position)	25.0
Ms. Tan Ching Bee	Interest of spouse (note 5)	100,000,000 (long position)	25.0

Notes:

1. The entire issued share capital of ACAC Investment Limited is wholly-owned by Mr. Andrew Chan.

2. The entire issued share capital of SCSC Holdings Limited is wholly-owned by Mr. Stephen Chan.

3. Ms. Cheung Choi Ngo is the spouse of Mr. Stephen Chan. By virtue of the SFO, Ms. Cheung Choi Ngo was deemed to be interested in the same number of Shares in which Mr. Stephen Chan was deemed to be interested under the SFO.

4. The entire issued share capital of CCST Investment Limited is wholly-owned by Mr. William Chau.

5. Ms. Tan Ching Bee is the spouse of Mr. William Chau. By virtue of the SFO, Ms. Tan Ching Bee was deemed to be interested in the same number of Shares in which Mr. William Chau was deemed to be interested under the SFO.

Save as disclosed above, as at 31 March 2018, the Directors had not been notified of any other corporation or individual (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be disclosed under provision of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 March 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective associates to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which any Director or any entity connected to a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year ended 31 March 2018 or at any time during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Group during FY2018 have been disclosed in the Prospectus. Certain continuing connected transactions are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules. Apart from the following non-exempt continuing connected transactions, there were no transactions which need to be disclosed as connected transactions and continuing connected transactions in accordance with the Listing Rules.

Leasing of properties

Wise Fine Enterprise Limited entered into five tenancy agreements with (i) Best Source Enterprise Limited ("Best Source") on 22 November 2017 and (ii) Best Source and Ms. Janny Tin on 22 November 2017, respectively (collectively, the "Tenancy Agreements"), pursuant to which certain properties in Yau Tong, Hong Kong (collectively, the "Premises") are leased to our Group for a fixed term of three years subject to the terms and conditions of the Tenancy Agreements.

Best Source and Ms. Janny Tin are the connected persons of our Company since:

(i) Best Source is owned as to 33.33% by each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau, our executive Directors and substantial shareholders, hence it is an associate of each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau; and

(ii) Ms. Janny Tin, being the spouse of Mr. Andrew Chan, is also our executive Director.

According to International Valuation Limited, an independent qualified valuer engaged by our Group, the monthly rental payable under the Tenancy Agreements for the Premises are fair and reasonable, consistent with the prevailing market unit rents for similar premises in the vicinity as at the date of the Tenancy Agreements, and on normal commercial terms.

During the period from the 22 November 2017 to 31 March 2018, the aggregate rental expenses (together with the aggregate service charges and other outgoings) paid by the Group was approximately HK$2,775,000, which did not exceed the annual cap of HK$2,783,000 for the year ended 31 March 2018 as disclosed in the Prospectus.

The transactions contemplated under the Tenancy Agreements also constitute related party transactions of our Company under HKFRS, details of which are set out in note 31 to the consolidated financial statements.

Provision of Logistic Services

During FY2018, Bo Shing Logistic Limited ("Bo Shing") has been providing logistic services for delivery of products in Hong Kong from our suppliers to our Group and/or from our Group to our customers (the "Logistic Services"). On 12 February 2018, Bo Shing entered into a master agreement (the "Master Agreement with Bo Shing") with our Company, pursuant to which Bo Shing agreed to provide us with the Logistic Services for a period from the Listing Date to 31 March 2020.

As Bo Shing is wholly-owned by the sister (as to 50%) and the brother-in-law (as to 50%) of Mr. William Chau, our executive Director and substantial shareholder, it is deemed to be a connected person of our Company.

The services fee is payable by our Group on a monthly basis pursuant to the Master Agreement with Bo Shing. The terms and conditions of the transactions contemplated under the Master Agreement with Bo Shing are on normal commercial terms, negotiated on an arm's length basis, fair and reasonable and no less favourable to our Group than those offered by other independent third parties for similar services.

During the period from the Listing Date to 31 March 2018, the aggregate service fee paid by the Group to Bo Shing was approximately HK$725,000, which did not exceed the annual cap of HK$950,000 for the year ended 31 March 2018 as disclosed in the Prospectus.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and confirmed that (a) the above non-exempt continuing connected transactions have been entered into on an arm length's basis and in the ordinary and usual course of business of our Group; (b) the terms of each of the above non-exempt continuing connected transactions for the year ended 31 March 2018 are on normal commercial terms or better, fair and reasonable, and in the interests of our Company and our Shareholders taken as a whole; and (c) the annual caps of each of the above non-exempt continuing connected transactions for the year ended 31 March 2018 are fair and reasonable and in the interests of our Company and our Shareholders taken as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions set out above.

The Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 March 2018.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are provided under note 31 to the consolidated financial statements. Save as the continuing connected transactions set out in the paragraph headed "Connected transactions and continuing connected transactions", none of the related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed in this report.

REMUNERATION FOR DIRECTORS

In compliance with the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established a remuneration committee to formulate remuneration policies. The Directors' remuneration are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the remuneration committee and the performance and results of the Group. Details of the remuneration of the Directors are set out in note 33 to the consolidated financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Subsequent to the publication of the Prospectus, the changes in information of Directors are set out below pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules:

Mr. Yu Ka Ho Bernard, an independent non-executive Director, had ceased to be an executive director and the head of fixed income trading, sales & trading division in ICBC International Holdings Limited from June 2018. Since June 2018, he has been serving as an executive director of fixed income, currency and commodities department in Haitong International Management Services Company Limited, where he is responsible for proprietary trading in fixed income, currency and commodities products.

Mr. Chung Kwok Mo John, an independent non-executive Director, has been serving as a vice president of Yongsheng Advanced Materials Company Limited, a company listed on the Stock Exchange (stock code: 3608) since February 2018.

Save as the changes as mentioned above, there is no changes in the information of the Directors subsequent to the publication of the Prospectus.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules throughout the period from the Listing Date up to the date of this report.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2018, apart from (i) the retail of food products by New Odaiba which is owned by Ms. Tan Ching Bee, the spouse of Mr. William Chau; (ii) the wholesale of confectionary products by Best Sky Hong Kong Limited which is owned as to 60% by Mr. Stephen Chan; and (iii) the wholesale of confectionary products by 賓仕佳貿易(深圳)有限公司 (Best Sky (Shenzhen) Trading Company Limited*) which is owned as to 100% by Best Sky Hong Kong Limited as disclosed in the Prospectus, none of the Directors and substantial shareholders of the Company and its subsidiaries, or their respective close associate, had interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

DEED OF NON-COMPETITION

The substantial Shareholders have confirmed to the Company of their full compliance with the non-competition undertakings and other terms provided to the Company under the deed of non-competition dated 12 February 2018 (the "Deed of Non-Competition").

The independent non-executive Directors have reviewed the status of compliance of the Deed of Non-Competition and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the substantial Shareholders and duly enforced during the year ended 31 March 2018.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 16 to 22 of this report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The status of the net proceeds from the Listing are set out in the "Management Discussion and Analysis" on page 12 of this report.

AUDITOR

PricewaterhouseCoopers will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer themselves for re-appointment. A resolution will be proposed at the AGM to be held on Monday, 27 August 2018 to re-appoint PricewaterhouseCoopers as the Company's auditor until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

* The English name of the PRC entity mentioned herein and marked with "*" is a translation from its Chinese name and is for identification purposes only.

On behalf of the Board

Mr. Chan Kam Chuen Andrew
Chairman and Chief Executive Officer
Hong Kong, 26 June 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of B & S International Holdings Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of B & S International Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 111, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Note 2.19 for the Group's accounting policies on revenue recognition and Note 6 for the analysis of revenue of the Group for the year ended 31 March 2018. The Group recognised revenue from sales of goods amounted to HK$452 million for the year ended 31 March 2018, of which HK$255 million were contributed from distribution segment and HK$197 million were contributed from retail segment. Revenue from sales of goods is recognised when the amount of revenue can be reliably measured and the risk and reward of the products have been transferred to the customers, which is usually at the time when the products are delivered to the customers for distribution segment and at point of sale for the retail segment. We focused on revenue recognition due to its magnitude and the nature of the Group's business. The recording of revenue involves high volume of transactions derived from sales to multiple customers in different locations such that we have incurred significant time and resources in carrying out our work in this area.	We understood, evaluated and validated management's key internal controls in its revenue recognition process. For revenue from distribution segment, we tested samples of sales transactions against sales orders, shipping documents, invoices and other supporting documents where relevant. To the extent that those sales have been settled, we also reviewed bank advice and/or bank statements in support of the payment made by the customers. Furthermore, we tested sales transactions that took place shortly before and after the balance sheet date to assess whether sales transactions were recognised in the correct reporting periods. For revenue from retail segment, we tested samples of sales transactions against daily sales reports for self-owned stores or sales statements for concessionary stores and reviewed bank advice and/or bank statements in support of the payment received. Our work also included testing of a sample of revenue-related journal entries on risk based criteria by inquiring management of their nature and inspecting the relevant supporting documents. Based on the procedures performed above, we found that the Groups' sales transactions being tested were recognised in a manner consistent with the Group's revenue recognition accounting policy.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Po Wah Pauline.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2018

COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	6	**452,125**	367,978
Cost of sales	9	**(336,300)**	(276,800)
Gross profit		**115,825**	91,178
Other losses, net	7	**(1,466)**	(1,117)
Other income	8	**315**	301
Selling and distribution expenses	9	**(38,224)**	(31,799)
Administrative expenses	9	**(51,599)**	(23,386)
Operating profit		**24,851**	35,177
Finance income	11	**108**	–
Finance costs	11	**(2,467)**	(1,388)
Finance cost, net	11	**(2,359)**	(1,388)
Profit before income tax		**22,492**	33,789
Income tax expense	12	**(7,329)**	(5,529)
Profit and total comprehensive income for the year		**15,163**	28,260
Profit and total comprehensive income attributable to:			
Owners of the Company		**14,085**	27,356
Non-controlling interest		**1,078**	904
		15,163	28,260
Earnings per share for profit attributable to owners of the Company during the year (expressed in HK cents per share)			
— basic and diluted	13	**4.62**	9.12

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**20,611**	12,486
Deferred income tax assets	*22*	**1,017**	1,073
Deposits and other assets	*19*	**9,767**	15,631
Financial assets at fair value through profit or loss	*17*	**–**	5,522
		31,395	34,712
Current assets			
Inventories	*18*	**24,456**	18,733
Trade receivables	*20*	**73,385**	62,973
Deposits, prepayments and other receivables	*19*	**8,385**	6,724
Restricted cash	*21*	**22,500**	–
Cash and cash equivalents	*21*	**118,402**	37,477
		247,128	125,907
Total assets		**278,523**	160,619
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**4,000**	–
Reserves	*24*	**79,794**	5
Retained earnings	*24*	**57,632**	58,547
		141,426	58,552
Non-controlling interest	*15*	**5,853**	4,775
Total equity		**147,279**	63,327

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liability			
Obligation under hire purchase contracts	26	–	67
Current liabilities			
Trade and other payables	25	**31,618**	18,197
Income tax payables		**2,272**	3,740
Amounts due to related parties	31	**8,209**	42,791
Obligation under hire purchase contracts	26	–	98
Bank borrowings	26	**89,145**	32,399
		131,244	97,225
Total liabilities		**131,244**	97,292
Total equity and liabilities		**278,523**	160,619

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 51 to 111 were approved by the Board of Directors on 26 June 2018 and were signed on its behalf.

Mr. Chan Kam Chuen Andrew
Director

Mr. Chau Wing Kong, William
Director

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the year ended 31 March 2018

	Note	Attributable to owners of the Company			
		Share capital	**Reserves and retained earnings**	**Non–controlling interest**	**Total**
		HK$'000	HK$'000	HK$'000	HK$'000
		(Note 23)	*(Note 24)*	*(Note 15)*	
Balance at 1 April 2016		–	46,736	5,341	52,077
Profit and total comprehensive income for the year		–	27,356	904	28,260
Transactions with owners in their capacity as owners:					
Dividends	*14*	–	(15,540)	(1,470)	(17,010)
Balance at 31 March 2017		–	58,552	4,775	63,327
Balance at 1 April 2017		**–**	**58,552**	**4,775**	**63,327**
Profit and total comprehensive income for the year		**–**	**14,085**	**1,078**	**15,163**
Transaction with owners in their capacity as owners:					
Deemed distribution to the then shareholders		**–**	**(3,654)**	**–**	**(3,654)**
Shares issued pursuant to the Capitalisation		**3,000**	**(3,000)**	**–**	**–**
Shares issued pursuant to the Listing		**1,000**	**99,000**	**–**	**100,000**
Listing expenses charged to share premium		**–**	**(12,557)**	**–**	**(12,557)**
Dividends	*14*	**–**	**(15,000)**	**–**	**(15,000)**
Balance at 31 March 2018		**4,000**	**137,426**	**5,853**	**147,279**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**28,263**	28,242
Income tax paid		**(8,574)**	(5,279)
Net cash generated from operating activities		**19,689**	22,963
Cash flows from investing activities			
Purchase of property, plant and equipment		**(17,077)**	(11,316)
Purchase of key management life insurance contracts		**(3,593)**	(3,032)
Proceeds from sales of financial assets at fair value through profit or loss		**6,210**	–
Interest received		**108**	–
Restricted cash		**(22,500)**	–
Net cash used in investing activities		**(36,852)**	(14,348)
Cash flows from financing activities			
Proceeds from bank borrowings		**158,555**	110,446
Repayments of bank borrowings		**(102,856)**	(104,320)
Issuance of shares		**100,000**	–
Net repayments of obligation under hire purchase contracts		**(165)**	(157)
Amounts due to related parties		**(42,422)**	(5,827)
Payment for professional fee in connection with IPO		**(12,557)**	–
Interest paid		**(2,467)**	(1,388)
Net cash generated from/(used in) financing activities		**98,088**	(1,246)
Net increase in cash and cash equivalents		**80,925**	7,369
Cash and cash equivalents at beginning of the year		**37,477**	30,108
Cash and cash equivalents at end of the year	21	**118,402**	37,477

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

The Company was incorporated in the Cayman Islands on 21 August 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, "the Group") are principally engaged in (i) distribution of food and beverage products ("Distribution Business") and (ii) provision of catering services ("Retail Business") in Hong Kong (collectively, the "Business").

Prior to the incorporation of the Company and the completion of a reorganisation (the "Reorganisation") in preparation for the listing of the Company's share on the Main Board of The Stock Exchange of Hong Kong Limited ("the Main Board"), the Group's business was operated by Wise Fine Enterprise Limited, Saw Corporation Limited and National Jade Limited (the "Operating Subsidiaries"), and the distribution business segment (the "Included Business") of Best Source Enterprise Limited ("Best Source"), which are all companies incorporated in Hong Kong and controlled by Mr. Chan Kam Chuen, Andrew, Mr. Chan Siu Cheung, Stephen and Mr. Chau Wing Kong, William ("the Controlling Shareholders"). The Reorganisation was completed on 31 January 2018 and since then, the Company became the holding company of the Operating Subsidiaries and all other companies now comprising the Group.

The Company's shares were listed on the Main Board on 14 March 2018.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss, which are carried at fair value.

Immediately prior to the Reorganisation, the Group's business was primarily conducted through the Operating Subsidiaries and the Included Business of Best Source. Pursuant to the Reorganisation, the Group's business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group's business with no change in management and the ultimate owners of the Group's business remain substantially the same.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The Group resulting from the Reorganisation is regarded as a continuation of the Group's business under the Operating Subsidiaries. Accordingly, this consolidated financial statements has been prepared and presented as a continuation of the Group's business as if the Group structure has existed as at 1 April 2016.

The consolidated financial statements also included financial information of the Included Business of Best Source up to 31 January 2018 (date of transfer of the Included Business from Best Source to the Group) in the following manner:

- Transactions of Best Source specifically identified as relating to the Included Business were consolidated in the consolidated financial statements, while those specifically identified as relating to the other business of Best Source (the "Excluded Business") were not consolidated in the consolidated financial statements;

- Expenses incurred by Best Source which were not specifically identified as relating to the Included Business were allocated as appropriate and the portion of expenses relating to the Included Business is consolidated into the consolidated financial statements, as if such expenses were paid by Best Source on behalf of the Group;

- Current and deferred income taxes on profits attributable to the Included Business calculated on the above basis are provided for using the Hong Kong profits tax rate of 16.5% during the relevant periods; and

- Inter-company transactions and balances between group companies including the Included Business were eliminated on consolidation.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Amendments to existing standards adopted by the Group

The following amendments to existing standards are mandatory for the Group's financial year beginning on or after 1 April 2017 and have been adopted in the preparation of the consolidated financial statements.

Amendments to HKAS 7	Statement of cash flows
Amendments to HKAS 12	Income taxes
Amendments to HKFRS 12	Disclosure of interest in other entities

The adoption of these amendments to existing standards has no material effect on the preparation of the Group's consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and amended standards and interpretations not yet adopted

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning on 1 April 2017 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Projects HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendment to HKFRS 15	Clarification to HKFRS15	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
Amendments to HKAS 28 (2011)	Investments in associate and joint ventures	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be announced by HKICPA

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and amended standards and interpretations not yet adopted *(Continued)*

The Group's assessment of the impact of these new standards and interpretations is set out below:

HKFRS 9 "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- debt instruments currently classified as loans and receivables would likely continue to be measured at amortised cost;

- equity investments currently measured at fair value through profit or loss would likely continue to be measured on the same basis under HKFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at a fair value through other comprehensive income, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. The Group assess that adopting HKFRS 9 will not have material impact to the Group's results of operations and financial position.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively for the financial year beginning on 1 April 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and amended standards and interpretations not yet adopted *(Continued)*

HKFRS 15 "Revenue from contracts with customers"

The HKICPA has issued a new standard for recognition of revenue. HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when performance obligation is satisfied.

The core principle is that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings process" to an "asset-liability" approach based on transfer of control.

The Group's revenue recognition policies are disclosed in Note 2.19. Currently, revenue from distribution of food and beverage products and from catering services are recognised in the consolidated statements of comprehensive income at the point of sale to customers or when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

The directors, based on the results of an initial assessment, consider that the new standard does not have a significant impact on the consolidated financial statements.

The new standard is mandatory for financial years commencing on or after 1 January 2018. The Group did not adopt the standard before its effective date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and amended standards and interpretations not yet adopted *(Continued)*

HKFRS 16 "Leases"

Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating lease under HKAS17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-values assets. This exemption can only be applied by lessees.

The Group is a lessee of certain retail shops which are currently classified as operating leases. The Group's current accounting policy for such leases, as set out in Note 2.21, is to record the rental expenses in Group's consolidated statement of comprehensive income for the current year with the disclosure of related future minimum lease payments as operating lease commitments (Note 29(b)). As at 31 March 2018, the Group's total non-cancellable operating lease commitments amounted to HK$93,609,000. The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated statement of financial position. In the consolidated statement of comprehensive income, as a result, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while depreciation of right-of-use of assets and interest expense arising from the lease liabilities will increase. Given that the total non-cancellable operating lease commitments account for 71% of the total liabilities of the Group as at 31 March 2018, the Directors expect that the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial positions. The Group will apply this new standard for the financial year beginning on or after 1 April 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group's financial performance and position.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Merger accounting method stipulated under Hong Kong Accounting Guideline 5, "Merger accounting for common control combinations" is used to account for acquisitions of businesses under common control before and after the acquisitions. The difference between fair value of acquisition consideration and carrying amount of net assets acquired is adjusted to merger reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquired identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Directors who make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other losses, net".

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged in the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold improvements	Shorter of remaining lease terms or useful lives
Furniture and fixtures	20%
Plant and machinery	30%
Computer and office equipment	30%
Motor vehicles	30%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other losses, net" in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are at least tested annually for impairment. Assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as at fair value through profit or loss as well as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "deposits, other receivables and other assets" and "cash and cash equivalents" in the consolidated statements of financial position (Notes 2.9 and 2.10).

The Group has acquired life insurance contracts for key management which include both investment and insurance elements. These investment insurance contracts are initially recognised at the amount of the premium paid and subsequently carried at cash surrender value at the end of each reporting period, with changes in values being recognised in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial assets *(Continued)*

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statements of comprehensive income. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the consolidated statements of comprehensive income in the period in which they arise.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(d) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of asset is reduced and the amount of the loss is recognised in the consolidated statements of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

2.9 Trade and other receivables

Trade and other receivables are amounts due from customers for the merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If no, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.7(b) for further information about the Group's accounting for trade and other receivables and Note 2.7(d) for a description of the Group's impairment policy.

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowing costs

Borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Inside basis difference

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Employee benefits

(a) Pension obligations

The Group operates a number of Mandatory Provident Fund Schemes established under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its employee. These plans are funded by payments from employees and by the Group and the Group's contributions to the plans are expensed as incurred. The assets are held separately from those of the Group and managed by related independent professional fund managers.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(d) Long service payments

The Group's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employee fulfils certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

(e) Termination benefits

Termination benefits are payable when the employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions mainly comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Provision for reinstatement cost

Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased retail shops agreed to be carried out upon the expiry of the relevant leases using a risk-free pre-tax interest rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as leasehold improvements in the consolidated statement of financial position (see Note 2.5).

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue from sales of goods when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Distribution business

Sales of foods and beverage products are recognised when a group entity has delivered products to the customer, the customer has accepted the products, there is no unfulfilled obligations that could affect the customer's acceptance of the products and the amount of sales can be reliably measured and it is probable that future economic benefits will flow to the entities. Accumulated experience is used to estimate and provide for sales return at the time of sale.

(b) Retail business

Sales of foods and beverage products are recognised at the point of sale to customers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as liability at the end of the reporting period.

2.23 Financial guarantee

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantee at inception, but perform a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated statements of comprehensive income immediately.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by the Executive Directors, who provide principles for overall risk management.

(i) Foreign exchange risk

The Group operates in Hong Kong and is exposed to foreign exchange risk from the purchase of goods from overseas suppliers and cash and bank borrowings denominated in foreign currencies, primarily with respect to Japanese Yen ("JPY"), Taiwan New dollar ("TWD") and United States dollar ("USD").

Management closely monitors foreign currency exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

As Hong Kong dollars are pegged against USD, management considers that the Group is mainly exposed to foreign currency risk with respect to JPY and TWD.

Had HK$ be strengthened/weakened by 5% against JYP with all other variables held constant, the post-tax profit for the year ended 31 March 2018 would have been HK$529,000 higher/lower (2017: HK$904,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of JPY-denominated cash and cash equivalent, trade and other payables and bank borrowings.

Had HK$ be strengthened/weakened by 5% against TWD with all other variables held constant, the post-tax profit for the year ended 31 March 2018 would have been HK$97,000 higher/lower (2017: HK$69,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of TWD-denominated trade and other payables.

(ii) Interest rate risk

The Group's cash flow and fair value interest rate risk primarily relates to cash at banks, bank borrowings and obligation under hire purchase contracts. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has obligation under hire purchase contracts which are subject to fair value interest rate risk and the exposure is not significant. Except for that, the Group does not have any fair value interest rate risk. The Group's interest rate risk primarily relates to its bank borrowings. The Group currently does not hedge its interest rate risk. However, management monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise. The interest rates and terms of repayment of borrowings are disclosed in Note 26.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(ii) Interest rate risk *(Continued)*

Had interest rates been 50 basis points higher/lower than the prevailing interest rate, with all other variables held constant, the post-tax profit for the year ended 31 March 2018 would have been HK$372,000 lower/higher (2017: HK$135,000 lower/higher), mainly as a result of higher/lower interest expenses on floating rate bank borrowings.

(iii) Credit risk

Credit risk is managed on a group basis. The Group's financial assets are trade receivables, deposits, other receivables and other assets and cash at banks. The amounts of those assets stated in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to financial assets.

For the Distribution Business, the Group's credit risk is concentrated on a number of long established customers. As at 31 March 2018, trade receivables from the five major customers accounted for approximately 69% (2017: approximately 68%) of the Group's total trade receivables.

The Group has policies in place to ensure that sales are made to customers with appropriate credit histories and to limit the amount of credit exposure to any individual customer. The Group is not exposed to major credit risk with respect to its retail business.

The Group reviews the recoverable amount of each individual trade receivable at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's past experience in collection of trade receivables falls within the recorded allowances.

The credit risk on financial assets at fair value through profit or loss and cash at banks are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has policies that limit the amount of credit exposure to any one financial institution.

For deposits and other receivables, the Group regularly monitors the financial position of these companies/counterparties to assess their recoverability. Management does not expect any losses from non-performance by these counterparties.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of available credit facilities. The Group manages its liquidity risk by controlling the level of inventories, closely monitoring the turnover days of trade receivables, monitoring its working capital requirements and keeping credit lines available.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iv) Liquidity risk *(Continued)*

Management monitors rolling forecasts of the Group's bank facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short and long-term.

	On demand	Less than 1 year	Over 1 year	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2018				
Trade and other payables	**–**	**31,618**	**–**	**31,618**
Amounts due to related parties	**–**	**8,209**	**–**	**8,209**
Bank borrowings	**89,145**	**–**	**–**	**89,145**
	89,145	**39,827**	**–**	**128,972**
As at 31 March 2017				
Trade and other payables	–	18,197	–	18,197
Amounts due to related parties	–	42,791	–	42,791
Obligation under hire purchase contracts	–	102	68	170
Bank borrowings	32,399	–	–	32,399
	32,399	61,090	68	93,557

The table below summarises the maturity analysis of the Group's bank loans with a repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. As the amounts included also interest payments, they were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained above.

	2018	2017
	HK$'000	HK$'000
Within 1 year	**60,804**	31,258
Between 1 and 2 years	**19,625**	397
Between 2 and 5 years	**12,588**	872
	93,017	32,527

Taking into account the Group's financial position, the Directors do not consider that it is probable that the banks will exercise their discretions to demand immediate repayment. The Executive Directors believe that such loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated at total debt divided by total capital. Total debts are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statements of financial position) and amounts due to related parties. Total capital represent total debts and equity as shown in the consolidated statements of financial position.

	2018 **HK$'000**	2017 HK$'000
Bank borrowings	**89,145**	32,399
Obligation under hire purchase contracts	**–**	165
Amounts due to related parties	**8,209**	42,791
Total debts	**97,354**	75,355
Total equity	**147,279**	63,327
Total capital	**244,633**	138,682
Gearing ratio	**40%**	54%

3.3 Fair value estimation

The carrying values of the Group's current financial assets, including trade receivables, deposits, other receivables, other assets and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, amounts due to related parties and bank borrowings approximate their fair values due to their short maturities.

Financial instruments carried at fair value are measured according to the levels of the fair value hierarchy defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

At 31 March 2018, the Group did not have any financial assets carried at fair value.

At 31 March 2017, the Group's financial assets at fair value through profit or loss were measured by level 3 fair value hierarchy.

There were no transfers between levels 1, 2 and 3 during the year.

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group does not have level 1 financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to assess the fair value of an instrument are observable, the instrument is included in level 2. The Group does not have level 2 financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group's financial assets at fair value through profit or loss as at 31 March 2017 comprised investment fund issued by reputable banks in Hong Kong, the fair value of which are determined by the Group's share of the underlying assets value of the relevant funds, which is not an observable input. Management estimates the fair value with reference to quotations provided by the banks.

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

(b) Provision for impairment of trade receivables

The Group's management determines the provision for impairment of trade receivables based on an assessment of the recoverability of the receivables. This assessment is based on the financial position, repayment history and credit rating of its customers and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each reporting date.

(c) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(d) Current and deferred income tax

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

(e) Net realisable value of inventories

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgment and estimates. These estimates are based on the market condition and the historical experience of selling prices of similar nature. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate has been changed.

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources.

The Group is principally engaged in Distribution Business and Retail Business in Hong Kong. The Executive Directors considers the business from a product perspective. They reviewed the qualitative factors such as business activities, economic and legal characteristics and quantitative factors such as the financial performance of the Distribution Business and Retail Business to assess the performance of the operating segments.

No geographical segment information is presented as all the sales and operating profits of the Group are derived in Hong Kong and all operating assets of the Group are located in Hong Kong.

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2018 and 2017 is as follows:

	For the year ended 31 March 2018		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Segment revenue	255,432	196,693	452,125
Segment results	45,854	29,785	75,639
Unallocated expenses			(49,637)
Other losses, net			(1,466)
Other income			315
Finance costs, net			(2,359)
Profit before income tax			22,492
Income tax expense			(7,329)
Profit for the year			15,163
Segment items included:			
Depreciation	1,390	8,175	9,565

5 SEGMENT INFORMATION *(Continued)*

	For the year ended 31 March 2017		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Segment revenue	243,075	124,903	367,978
Segment results	41,124	16,863	57,987
Unallocated expenses			(21,994)
Other losses, net			(1,117)
Other income			301
Finance costs			(1,388)
Profit before income tax			33,789
Income tax expense			(5,529)
Profit for the year			28,260
Segment items included:			
Depreciation	958	6,077	7,035

The segment assets as at 31 March 2018 and 2017 and the reconciliation to the total assets are as follows:

	As at 31 March 2018		
	Distribution Business HK$'000	**Retail Business HK$'000**	**Total HK$'000**
Total segment assets	**89,062**	**45,019**	**134,081**
Total segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**2,103**	**15,587**	**17,690**

	As at 31 March 2017		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Total segment assets	78,527	28,048	106,575
Total segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,126	7,740	10,866

5 SEGMENT INFORMATION *(Continued)*

Reconciliation of total segment assets to total assets is provided as follows:

	2018 HK$'000	2017 HK$'000
Total segment assets	**134,081**	106,575
Unallocated:		
Deferred income tax assets	**1,017**	1,073
Key management life insurance contracts	**2,273**	9,972
Financial assets at fair value through profit or loss	**–**	5,522
Amount due from a related party	**250**	–
Restricted cash	**22,500**	–
Cash and cash equivalents	**118,402**	37,477
Total assets	**278,523**	160,619

The segment liabilities as at 31 March 2018 and 2017 and the reconciliation to the total liabilities are as follows:

	As at 31 March 2018		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Total segment liabilities	**49,674**	**15,833**	**65,507**

	As at 31 March 2017		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Total segment liabilities	41,373	7,789	49,162

Reconciliation of total segment liabilities to total liabilities is provided as follows:

	2018 HK$'000	2017 HK$'000
Total segment liabilities	**65,507**	49,162
Unallocated:		
Other payables	**3,504**	–
Income tax payables	**2,272**	3,740
Amounts due to related parties	**8,209**	42,791
Bank borrowings	**51,752**	1,599
Total liabilities	**131,244**	97,292

6 REVENUE

The Group is principally engaged in distribution of food and beverage products and provision of catering services in Hong Kong.

Revenue from Distribution Business and Retail Business recognised during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
Sales of goods	**255,432**	243,075
Catering services	**196,693**	124,903
	452,125	367,978

For the year ended 31 March 2018, customer A from Distribution Business accounted for approximately 23% (2017: approximately 26%) of the Group's revenue.

All other customers individually accounted for less than 10% of the Group's revenue for the years ended 31 March 2018 and 2017.

7 OTHER LOSSES, NET

	2018 **HK$'000**	2017 HK$'000
Fair value gain on financial assets at fair value through profit or loss *(Note 17)*	**688**	398
Change in cash surrender value of key management life insurance contracts *(Note 19)*	**(478)**	(413)
Exchange loss	**(1,676)**	(1,102)
	(1,466)	(1,117)

8 OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Rental income	**85**	120
Sundry income	**230**	181
	315	301

Sundry income mainly included dividend income from investment funds.

9 EXPENSES BY NATURE

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

	2018 HK$'000	2017 HK$'000
Cost of inventories sold	**221,813**	200,355
Depreciation of property, plant and equipment *(Note 16)*	**9,565**	7,035
Employee benefit expenses *(Note 10)*	**70,110**	46,773
Operating lease rentals in respect of rented premises *(Note)*	**46,173**	31,650
Utilities expenses	**10,046**	7,532
Transportation and logistic service expenses	**14,341**	12,546
Freight charges	**5,315**	5,076
Advertising and promotion expenses	**15,938**	12,644
Auditor's remuneration		
— Audit services	**1,912**	110
— Non-audit services	**200**	–
Franchise fee	**3,065**	1,589
Travelling expenses	**1,379**	1,167
Write off of slow-moving and obsolete inventories	**–**	106
Write off of impaired trade receivables *(Note 20)*	**86**	276
Listing expenses	**19,655**	–
Others	**6,525**	5,126
	426,123	331,985
Representing:		
Cost of sales	**336,300**	276,800
Selling and distribution expenses	**38,224**	31,799
Administrative expenses	**51,599**	23,386
	426,123	331,985

Note: The operating lease rentals includes contingent rentals of HK$6,834,000 for the year ended 31 March 2018 (2017: HK$4,289,000), in respect of the Group's catering business.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

Employee benefit expenses are as follows:

	2018 HK$'000	2017 HK$'000
Wages, salaries, bonuses and allowances	**65,829**	42,622
Pension costs — defined contribution plans	**3,059**	2,004
Staff welfare and benefits	**1,222**	2,147
	70,110	46,773

Contributions totalling approximately HK$762,000 (2017: HK$486,000) are payable to the Mandatory Provident Fund as at 31 March 2018.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director whose emolument is reflected in the analysis presented in Note 33 during the year ended 31 March 2018 (2017: two). The emoluments payable to the remaining four individuals (2017: three) are as follows:

	2018 HK$'000	2017 HK$'000
Wages, salaries, bonuses and allowances	**2,806**	2,277
Pension costs — defined contribution plans	**69**	53
Staff welfare and benefits	**1**	9
	2,876	2,339

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands		
HK$Nil to HK$1,000,000	**4**	3

During the year, the Group had not paid any emoluments to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

11 FINANCE COSTS, NET

	2018 HK$'000	2017 HK$'000
Finance income		
— Bank interest income	**108**	–
Finance costs		
— Interest expense on bank borrowings	**(2,464)**	(1,379)
— Interest expense on hire purchase contracts	**(3)**	(9)
	(2,467)	(1,388)
Finance costs, net	**(2,359)**	(1,388)

12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2018 (2017: 16.5%).

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

	2018 HK$'000	2017 HK$'000
Current income tax	**7,273**	6,103
Deferred income tax *(Note 22)*	**56**	(574)
	7,329	5,529

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2018 HK$'000	2017 HK$'000
Profit before income tax	**22,492**	33,789
Calculated at a taxation rate of 16.5% (2017: 16.5%)	**3,711**	5,575
Income not subject to tax	**(162)**	(95)
Expenses not deductible for taxation purposes	**3,900**	126
Tax credits	**(120)**	(60)
Others	**–**	(17)
	7,329	5,529

13 EARNINGS PER SHARE

(a) Basic

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

	2018	2017
Profit attributable to owners of the Company (HK$'000)	**14,085**	27,356
Weighted average number of ordinary shares in issue (thousands)	**304,932**	300,000
Basic earnings per share (HK cents)	**4.62**	9.12

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 23 had been effective from 1 April 2016.

(b) Diluted

For the years ended 31 March 2018 and 2017, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

14 DIVIDENDS

	2018 **HK$'000**	2017 HK$'000
2017 interim dividend paid to the then owners	**–**	17,010
2018 special dividend paid	**15,000**	–

Dividends during the year ended 31 March 2017 represented dividends declared by the companies now comprising the Group to the then owners of the companies for the year ended 31 March 2017, after eliminating intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

On 14 February 2018, the Company declared a special dividend, totalling HK$15 million, to the Controlling Shareholders. HK$10,814,000 of the special dividend was settled by way of distribution in specie through novation of benefits under the key management life insurance contracts owned by the Group, while the remaining HK$4,186,000 was settled through balances due to the Controlling Shareholders' accounts.

A final dividend in respect of the year ended 31 March 2018 of HK3 cents per ordinary share, totalling HK$12,000,000, was proposed by the Board on 26 June 2018 which is subject to the approval of shareholders at the forthcoming annual general meeting. These proposed dividends are not reflected as dividend payable in the consolidated statement of financial position.

15 SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 March 2018 are as follows:

Name of subsidiaries	Place and date of incorporation	Particulars of issued share capital	Equity interest attributable to the Group	Principal activities
Directly held by the Company				
Bands Investment Limited	BVI, 22 September 2017	1 share of US$1 each	100%	Investment holding
Indirectly held by the Company				
National Jade Limited	Hong Kong, 22 August 1996	10,000 ordinary shares of HK$1 each	51%	Distribution of food and beverage products
Saw Corporation Limited	Hong Kong, 24 January 2003	3 ordinary share of HK$1 each	100%	Distribution of foods and beverage products
Sunny Land Corporation Limited	Hong Kong, 16 June 2017	3 ordinary shares of HK$1 each	100%	Distribution of foods and beverage products
Wise Fine Enterprise Limited	Hong Kong, 1 March 2004	3 ordinary shares of HK$1 each	100%	Distribution of foods and beverage products and provision of catering services

15 SUBSIDIARIES *(Continued)*

(a) Material non-controlling interest

As at 31 March 2018, the Group's non-controlling interest amounting to approximately HK$5,853,000 (2017: HK$4,775,000), is attributable to National Jade Limited, a 51% owned subsidiary of the Company.

Summarised financial information of the subsidiary with material non-controlling interest

Set out below are the summarised financial information of National Jade Limited, which has non-controlling interests that is material to the Group.

	2018 HK$'000	2017 HK$'000
Summarised statement of financial position		
Non-current assets	**12**	–
Current assets	**18,321**	18,265
Current liabilities	**(6,389)**	(8,520)
Net assets	**11,944**	9,745
Summarised statement of comprehensive income		
Revenue	**68,329**	70,916
Profit and total comprehensive income for the year	**2,200**	1,844
Total comprehensive income allocated to non-controlling interest	**1,078**	904
Dividends paid to non-controlling interest	**–**	1,470
Summarised statement of cash flows		
Net cash generated from operating activities	**1,379**	579
Net cash used in investing activities	**(14)**	–
Net cash used in financing activities	**(2,203)**	(365)
Net (decrease)/increase in cash and cash equivalents	**(838)**	214

The information above is before inter-company eliminations.

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2016						
Cost	15,408	3,234	553	1,105	3,306	23,606
Accumulated depreciation	(9,937)	(798)	(501)	(738)	(2,977)	(14,951)
Net book amount	5,471	2,436	52	367	329	8,655
Year ended 31 March 2017						
Opening net book amount	5,471	2,436	52	367	329	8,655
Additions	8,325	1,440	305	796	–	10,866
Depreciation *(Note 9)*	(5,484)	(1,103)	(43)	(267)	(138)	(7,035)
Closing net book amount	8,312	2,773	314	896	191	12,486
At 31 March 2017						
Cost	23,733	4,674	858	1,901	3,306	34,472
Accumulated depreciation	(15,421)	(1,901)	(544)	(1,005)	(3,115)	(21,986)
Net book amount	8,312	2,773	314	896	191	12,486
Year ended 31 March 2018						
Opening net book amount	8,312	2,773	314	896	191	12,486
Additions	13,975	1,970	474	1,271	–	17,690
Depreciation *(Note 9)*	(7,170)	(1,629)	(120)	(559)	(87)	(9,565)
Closing net book amount	15,117	3,114	668	1,608	104	20,611
At 31 March 2018						
Cost	35,288	6,644	1,332	3,172	3,306	49,742
Accumulated depreciation	(20,171)	(3,530)	(664)	(1,564)	(3,202)	(29,131)
Net book amount	15,117	3,114	668	1,608	104	20,611

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive income as follow:

	2018 HK$'000	2017 HK$'000
Cost of sales	**8,176**	6,077
Selling and distribution expenses	**538**	427
Administrative expenses	**851**	531
	9,565	7,035

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 **HK$'000**	2017 HK$'000
Unlisted investments:		
— Investment funds *(Note a)*	**–**	5,522

Note:

(a) As at 31 March 2017, investment funds comprised portfolio funds issued by reputable banks in Hong Kong which primarily invest in listed securities and bonds. These investment funds are denominated in Hong Kong dollars, with fair values being determined with reference to the value of the underlying assets of the funds. The investment funds were disposed off during the year.

(b) Fair value gain of investment funds of HK$688,000 (2017: HK$398,000) are recorded in other losses, net in the statement of comprehensive income (Note 7).

18 INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Raw materials	**5,868**	3,018
Finished goods	**18,588**	15,715
	24,456	18,733

Inventories mainly comprise food and beverage products which are stated at the lower of cost and net realisable value.

The cost of inventories recognised as expense and included in cost of sales amounted to HK$221,813,000 (2017: HK$200,355,000).

19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Non-current		
Rental deposits	**7,419**	4,202
Deposits for the purchase of property, plant and equipment	**75**	1,457
Key management life insurance contracts *(Note)*	**2,273**	9,972
	9,767	15,631
Current		
Prepayments	**3,467**	2,919
Rental and other deposits	**3,987**	3,252
Other receivables	**604**	152
Amount due from related parties *(Note 31)*	**311**	218
Income tax recoverable	**16**	183
	8,385	6,724
	18,152	22,355

Note:

As at 31 March 2018 and 2017, the Group's key management life insurance contracts were pledged as securities for certain of the Group's bank borrowings (Note 26(b)). The carrying value of such insurance contracts represented the cash surrender value of the insurance contracts. These insurance contracts are denominated in USD and HK$.

The movements of the insurance contracts were as follows:

	2018	2017
	HK$'000	HK$'000
Beginning of year	**9,972**	7,353
Premium paid	**3,593**	3,032
Transfer to the Controlling Shareholders *(Note 14)*	**(10,814)**	–
Change in cash surrender value of key management life insurance contracts *(Note 7)*	**(478)**	(413)
End of year	**2,273**	9,972

The carrying amounts of deposits and other receivables approximate their fair values.

19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

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

	2018 HK$'000	2017 HK$'000
Hong Kong dollar	**16,169**	12,288
United States dollar	**914**	9,075
Taiwan New dollar	**890**	732
Renminbi	**99**	260
Vietnam Dong	**35**	–
Japanese yen	**44**	–
Euro	**1**	–
	18,152	22,355

The maximum exposure to credit risk at each reporting date is the fair value of each class of the receivables mentioned above.

20 TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables		
— third parties	**72,923**	56,586
— related parties *(Note 31)*	**462**	6,387
	73,385	62,973

The Group's retail sales are settled on cash basis. The Group generally grants credit period ranged from 0 to 120 days to its customers for the Distribution Business.

As at 31 March 2018 and 2017, the ageing analysis of the trade receivables based on invoice date was as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**27,931**	22,889
31–60 days	**18,321**	15,154
61–90 days	**16,220**	12,780
91–180 days	**10,438**	11,301
Over 180 days	**475**	849
	73,385	62,973

As at 31 March 2018, trade receivables of HK$21,472,000 (2017: HK$11,184,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

20 TRADE RECEIVABLES *(Continued)*

As at 31 March 2018 and 2017, the ageing analysis of these trade receivables based on due date was as follows:

	2018 HK$'000	2017 HK$'000
Not yet past due	**51,913**	51,789
Past due by:		
1–30 days	**11,164**	8,715
31–60 days	**7,093**	1,093
61–90 days	**2,098**	463
Over 90 days	**1,117**	913
	73,385	62,973

During the year ended 31 March 2018, trade receivables of HK$86,000 (2017: HK$276,000) were written off.

The trade receivables from the five major customers accounted for approximately 69% of the total trade receivables as at 31 March 2018 (2017: approximately 68%). The Group's credit risk management is disclosed in Note 3 to the consolidated financial statements.

The carrying amounts of trade receivables are denominated in Hong Kong dollars.

The carrying amounts of trade receivables approximate their fair values due to their short maturities. The maximum exposure to credit risk at the reporting date is the fair value mentioned above. The Group does not hold any collateral as security.

21 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

	2018 HK$'000	2017 HK$'000
Cash at banks	**117,707**	36,960
Cash on hand	**695**	517
	118,402	37,477

Cash and cash equivalents are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
Hong Kong dollar	**118,346**	36,162
United States dollar	**17**	1,279
Renminbi	**30**	28
Japanese Yen	**9**	8
	118,402	37,477

21 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH *(Continued)*

(b) Restricted cash

As at 31 March 2018, the Group had restricted deposits held at banks as securities for certain banking facilities (2017: HK$ Nil). The restricted deposits are denominated in HK$.

22 DEFERRED INCOME TAX

The analysis of deferred income tax assets of the Group was as follows:

	2018 HK$'000	2017 HK$'000
Deferred income tax assets to be recovered after more than 12 months	**1,017**	1,073

Movements in deferred income tax assets of the Group during the year are as follows:

	Decelerated tax depreciation	
	2018 HK$'000	2017 HK$'000
As at 1 April	**1,073**	499
(Charged)/credited to the consolidated statements of comprehensive income *(Note 12)*	**(56)**	574
As at 31 March	**1,017**	1,073

As at 31 March 2018 and 2017, the Group has no significant unrecognised deferred income tax assets.

23 SHARE CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
Ordinary Shares of HK$0.01 each		
At 21 August 2017 (date of incorporation) *(Note (i))*	39,000,000	390
Increase in authorised share capital *(Note (iii))*	9,961,000,000	99,610
At 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK$0.01 each		
At 21 August 2017 (date of incorporation) *(Note (i))*	300	–
Shares issued pursuant to the Reorganisation *(Note (ii))*	1,200	–
Shares issued pursuant to the Capitalisation *(Note (iv))*	299,998,500	3,000
Shares issued pursuant to the Listing *(Note (v))*	100,000,000	1,000
At 31 March 2018	400,000,000	4,000

Notes:

(i) On 21 August 2017, the Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability, with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the date of incorporation, one share was allotted and issued as fully paid to an initial nominee subscriber and was subsequently transferred to Mr. Andrew Chan, the Controlling Shareholder.

(ii) Pursuant to the Reorganisation, the Company issued 1,200 new ordinary shares as consideration for acquisition of the subsidiaries now comprising the Group from the Controlling Shareholders.

(iii) On 12 February 2018, the authorised share capital of the Company was increased from 39,000,000 shares of HK$0.01 each to 10,000,000,000 shares of HK$0.01 each, by the creation of an additional 9,961,000,000 shares, ranking pari passu in all respects with the then existing shares.

(iv) Pursuant to the written resolutions passed by the shareholders on 12 February 2018 and conditional upon the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to capitalise an amount of HK$2,999,985 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 299,998,500 shares for allotment and issue to the then shareholders (the "Capitalisation").

(v) On 14 March 2018, the Company issued 100,000,000 ordinary shares of HK$0.01 each at a price of HK$1 per share pursuant to the initial public offering and listing of the Company's shares in the Main Board. Net proceeds from such offering are to be used as working capital for the Group.

24 RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2016	–	–	5	46,731	46,736
Profit and total comprehensive income for the year	–	–	–	27,356	27,356
Transactions with owners in their capacity as owners:					
Dividends	–	–	–	(15,540)	(15,540)
Balance at 31 March 2017	–	–	5	58,547	58,552
Balance at 1 April 2017	–	–	5	58,547	58,552
Profit and total comprehensive income for the year	–	–	–	14,085	14,085
Transaction with owners in their capacity as owners:					
Deemed distribution to the then shareholders *(Note a)*	–	(3,654)	–	–	(3,654)
Shares issued pursuant to the Capitalisation *(Note 23)*	(3,000)	–	–	–	(3,000)
Shares issued pursuant to the Listing *(Note 23)*	99,000	–	–	–	99,000
Transaction costs attributable to the Listing *(Note 23)*	(12,557)	–	–	–	(12,557)
Dividends	–		–	(15,000)	(15,000)
Balance at 31 March 2018	83,443	(3,654)	5	57,632	137,426

Note a:

This represents the difference between the net assets of the Included Business of Best Source and the consideration paid by the Group, which was treated as a deemed distribution to the shareholders (Note 2.1).

25 TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**8,935**	5,473
Accruals for employee benefits	**10,040**	6,645
Provision for unused annual leave	**732**	487
Provision for long service payment	**728**	728
Provision for reinstatement costs	**2,113**	1,424
Accruals for operating expenses	**8,170**	1,700
Accruals for property, plants and equipment	**166**	935
Other payables	**734**	805
	31,618	18,197

25 TRADE AND OTHER PAYABLES *(Continued)*

The ageing analysis of trade payables based on invoice date was as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**7,615**	5,321
31–60 days	**141**	62
61–90 days	**800**	–
Over 90 days	**379**	90
	8,935	5,473

The carrying amounts of the Group's trade and other payables approximate their fair values due to their short maturities.

The carrying amounts of trade and other payables were denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
Hong Kong dollar	**24,972**	13,854
United States dollar	**1,272**	1,533
Taiwan New dollar	**3,204**	1,641
Renminbi	**191**	95
Japanese Yen	**1,227**	1,074
Pound sterling	**752**	–
	31,618	18,197

26 BANK BORROWINGS AND OBLIGATION UNDER HIRE PURCHASE CONTRACTS

	2018 HK$'000	2017 HK$'000
Non-current		
Obligation under hire purchase contracts *(Note (a))*	–	67
Current		
Bank borrowings *(Note (b))*	**89,145**	32,399
Obligation under hire purchase contracts *(Note (a))*	–	98
	89,145	32,497
Total borrowings	**89,145**	32,564

(a) Obligation under hire purchase contracts

The Group leases certain motor vehicles under finance leases. As at 31 March 2018 and 2017, the Group's finance leases were repayable as follows:

	2018 HK$'000	2017 HK$'000
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	–	102
Later than 1 year and no later than 5 years	–	68
	–	170
Future finance charges on finance leases	–	(5)
Present value of financial lease liabilities	–	165
The present value of finance lease liabilities are as follows:		
No later than 1 year	–	98
Later than 1 year and no later than 5 years	–	67
	–	165

The Group's obligation under hire purchase contracts are secured by the Group's motor vehicles with carrying values of HK$191,000 as at 31 March 2017. The rights to the leased asset are reverted to the lessors in the event of default of the lease liabilities by the Group.

26 BANK BORROWINGS AND OBLIGATION UNDER HIRE PURCHASE CONTRACTS *(Continued)*

(b) Bank borrowings

Bank borrowings represent mainly the import loans and term loans drawn by the Group. The Group's borrowings, after taking into account of repayable on demand clause, are repayable as follows:

	2018	2017
	HK$'000	HK$'000
Within 1 year or on demand	**89,145**	32,399

The Group's bank borrowings repayable based on the scheduled repayment dates are as follows:

	2018	2017
	HK$'000	HK$'000
Within 1 year	**58,895**	31,176
Between 1 and 2 years	**18,250**	376
Between 2 and 5 years	**12,000**	847
	89,145	32,399

As at 31 March 2018, the Group's banking facilities are secured by:

(i) Key management life insurance contracts with carrying values of HK$2,273,000 as at 31 March 2018 (2017: HK$9,972,000) (Note 19);

(ii) Cross guarantees by the Group's companies and its related companies (2017: same);

(iii) Personal guarantees by the Group's controlling shareholders (2017: same);

(iv) Restricted cash deposits of HK$22,500,000 (Note 21(b)) (2017: HK$Nil); and

(v) Trade receivable with carrying values of HK$12,528,000 as at 31 March 2018 (2017: HK$37,057,000).

In addition to the above, the Group is required to comply with certain restrictive financial covenants imposed by the banks.

26 BANK BORROWINGS AND OBLIGATION UNDER HIRE PURCHASE CONTRACTS *(Continued)*

(b) Bank borrowings *(Continued)*

The effective interest rates of bank borrowings as at 31 March 2018 were 2.3% to 5.3% (2017: 2.2% to 5.5%).

The carrying amounts of bank borrowings approximate their fair values due to their short maturities.

The personal guarantees provided by the Group's directors and cross guarantees by its related companies were released on subsequent to 31 March 2018.

An analysis of the carrying amounts of the Group's bank borrowings and obligation under hire purchase contracts by currency was as follows:

	2018 **HK$'000**	2017 HK$'000
United States dollar at floating rates	**7,558**	9,975
HK dollar at floating rates	**69,963**	1,840
Euro at floating rates	**121**	–
Japanese Yen at floating rates	**11,503**	20,584
HK dollar at fixed rate	**–**	165
	89,145	32,564

27 CASH GENERATED FROM OPERATING ACTIVITIES

(a) Reconciliation of profit before income tax to cash generated from operations:

	2018 HK$'000	2017 HK$'000
Profit before income tax	**22,492**	33,789
Adjustments for:		
Depreciation of property, plant and equipment *(Note 16)*	**9,565**	7,035
Change in cash surrender value of key management life insurance contracts *(Note 19)*	**478**	413
Fair value gain on financial assets at fair value through profit or loss *(Note 17)*	**(688)**	(398)
Unrealised exchange loss	**1,047**	267
Inventory write-off	**–**	106
Write-off of trade receivables *(Note 20)*	**86**	276
Finance income *(Note 11)*	**(108)**	–
Finance costs *(Note 11)*	**2,467**	1,388
	35,339	42,876
Changes in working capital:		
Inventories	**(5,723)**	(1,354)
Trade receivables	**(10,498)**	(9,989)
Deposits, prepayments and other receivables	**(5,045)**	(3,096)
Trade and other payables	**14,190**	(195)
Cash generated from operations	**28,263**	28,242

(b) Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	As at 1 April 2017 HK$'000	Cash flows HK$'000	Dividends HK$'000	Foreign exchange movement HK$'000	Deemed shareholders' distribution HK$'000	As at 31 March 2018 HK$'000
Amounts due to related parties *(Note)*	42,791	(42,422)	4,186	-	3,654	8,209
Obligation under hire purchase contracts	165	(165)	-	-	-	-
Bank borrowings	32,399	55,699	-	1,047	-	89,145
Total liabilities from financing activities	75,355	13,112	4,186	1,047	3,654	97,354

Note: Amounts due to related parties include, among other movements, dividend paid to the then shareholders during the year ended 31 March 2018 amounting to HK$4,186,000.

27 CASH GENERATED FROM OPERATING ACTIVITIES *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	As at 1 April 2016 HK$'000	Cash flows HK$'000	Non-cash changes: Dividends HK$'000	Non-cash changes: Foreign exchange movement HK$'000	As at 31 March 2017 HK$'000
Amounts due to related parties *(Note)*	31,608	(5,827)	17,010	–	42,791
Obligation under hire purchase contracts	322	(157)	–	–	165
Bank borrowings	26,006	6,126	–	267	32,399
Total liabilities from financing activities	57,936	142	17,010	267	75,355

Note: Amounts due to related parties include, among other movements, dividend paid to the then shareholders and non-controlling interest during the year ended 31 March 2017 amounting to HK$15,540,000 and HK$1,470,000 respectively.

28 FINANCIAL INSTRUMENTS BY CATEGORIES

	2018 HK$'000	2017 HK$'000
Loans and receivables		
— Trade receivables	**73,385**	62,973
— Deposits, other receivables and other assets	**14,669**	19,253
— Restricted cash	**22,500**	–
— Cash and cash equivalents	**118,402**	37,477
	228,956	119,703
Financial assets at fair value through profit or loss		
— Investment funds	**–**	5,522
Financial liabilities at amortised cost		
— Trade and other payables	**28,045**	15,558
— Amounts due to related parties	**8,209**	42,791
— Obligation under hire purchase contracts	**–**	165
— Bank borrowings	**89,145**	32,399
	125,399	90,913

29 COMMITMENTS

(a) Capital commitments

	2018 HK$'000	2017 HK$'000
Contracted but not provided for		
— Property, plant and equipment	**1,428**	100

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2018 HK$'000	2017 HK$'000
Not later than one year	**45,521**	23,967
Later than one year and not later than five years	**48,088**	20,066
	93,609	44,033

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable, if any, when turnover of individual retail shop exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

30 FINANCIAL GUARANTEE

As at 31 March 2018 and 2017, the Group had executed cross guarantees with its related companies for certain banking facilities which were shared with the related companies. As at 31 March 2018, no banking facilities (2017: HK$10,514,000) were utilised by a related company.

The directors of the Company has conducted an assessment on the fair values of the financial guarantee provided to the related party on the date of the guarantee and each reporting date in accordance with the Group's accounting policy as stated in Note 2.23 and concluded that the estimated amount that would be payable to those banks for assuming the obligations was minimal. Accordingly, no provision was made as at 31 March 2018 (2017: Nil).

The cross guarantees was released on subsequent to 31 March 2018.

In addition, as at 31 March 2018, the Group executed certain performance bonds in favour of its landlords totalling HK$2,869,000 (2017: Nil) in lieu of rental deposits.

31 RELATED PARTY TRANSACTIONS

As at 31 March 2018, the major shareholders of the Company are ACAC Investment Limited, SCSC Holdings Limited and CCST Investment Limited, which owned 25%, 25% and 25% of the Company's issued shares respectively. The ultimate controlling parties of the Group are Mr. Chan Kam Chuen, Andrew, Mr. Chan Siu Cheung, Stephan and Mr. Chau Wing Kong, William, the directors of the Company, respectively.

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group during the years ended 31 March 2018 and 2017.

Name of related parties	Relationship with the Group
Mr. Chan Kam Chuen, Andrew	Controlling Shareholder
Mr. Chan Siu Cheung, Stephen	Controlling Shareholder
Mr. Chau Wing Kong, William	Controlling Shareholder
Mr. Fung King Wai, Paul	Non-controlling interest
賓士佳貿易（深圳）有限公司	Controlled by Mr. Chan Siu Cheung, Stephen and Mr. Chan Kam Chuen, Andrew
Ms. Tin Hau Ling, Janny	Spouse of a Controlling Shareholder
Best Sky Hong Kong Limited	Controlled by Mr. Chan Siu Cheung, Stephen
New Odaiba	Controlled by spouse of Mr. Chau Wing Kong, William
D & W Balloon Company (formerly known as B&S Trading Company Limited)	Controlled by Mr. Chau Wing Kong, William
Best Source	Controlled by Mr. Chan Kam Chuen, Andrew, Mr. Chau Wing Kong, William and Mr. Chan Siu Cheung, Stephen

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following related transactions during the years ended 31 March 2018 and 2017.

31 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties:

	2018 HK$'000	2017 HK$'000
Trade related receivables		
— 賓士佳貿易(深圳)有限公司	–	236
— New Odaiba	217	3,762
— D & W Balloon Company	245	2,389
	462	6,387
Amount due from related parties *(Note)*		
— Best Sky Hong Kong Limited	61	218
— Mr. Fung King Wai, Paul	250	–
	311	218
Amounts due to related parties *(Note)*		
— Best Source	8,014	–
— Mr. Chan Kam Chuen, Andrew	37	15,620
— Mr. Fung King Wai, Paul	–	6,316
— Mr. Chan Siu Cheung, Stephen	105	9,632
— Mr. Chau Wing Kong, William	53	11,223
	8,209	42,791

Note: Amounts due from/to related parties are non-trade in nature.

The maximum outstanding balance due from related parties during the years ended 31 March 2018 was HK$311,000 (2017: HK$218,000).

As at 31 March 2018 and 2017, balances with related parties were unsecured, interest-free, denominated in HK$, and expected to repay within one year.

31 RELATED PARTY TRANSACTIONS *(Continued)*

(c) In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

	2018 HK$'000	2017 HK$'000
Continued transactions		
Sale of goods to a related party		
— New Odaiba	**5,701**	19,031
Rental expense charged by related parties		
— Best Source	**5,692**	4,902
— Best Source and Ms. Tin Hau Ling, Janny	**1,140**	979
Discontinued transactions		
Rental income received from a related party		
— Best Sky Hong Kong Limited	**60**	120
Sale of goods to a related party		
— D & W Balloon Company	**2,162**	6,247
Write off of balance due from related parties		
— Best Sky Hong Kong Limited	**96**	–
— 賓仕佳貿易(深圳)有限公司	**236**	–

Sales of goods and rental expenses and income were based on terms mutually agreed with related parties and in the ordinary course of business.

(d) Key management compensation

Key management includes Executive Directors and the senior management of the Group.

Compensation of the key management personnel of the Group, including director's remunerations as disclosed in Note 10 to the consolidated financial statements, was as follows:

	2018 HK$'000	2017 HK$'000
Wages, salaries, bonuses and allowances	**2,576**	1,650
Pension costs — defined contribution plans	**69**	54
Staff welfare and benefits	**18**	69
	2,663	1,773

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 31 March 2018 HK$'000
ASSETS		
Non-current asset		
Investment in subsidiaries		76,212
Current assets		
Amount due from a subsidiary		32,000
Cash and cash equivalents		87,510
		119,510
Total assets		195,722
EQUITY		
Equity attributable to owners of the Company		
Share capital		4,000
Reserves	*(a)*	159,655
Retained earnings	*(a)*	12,389
Total equity		176,044
LIABILITIES		
Current liabilities		
Accruals and other payables		1,305
Amount due to a subsidiary		18,373
Total liabilities		19,678
Total equity and liabilities		195,722

The statement of financial position of the Company was approved by the Board of Directors on 26 June 2018 and was signed on its behalf.

Mr. Chan Kam Chuen, Andrew
Director

Mr. Chau Wing Kong, William
Director

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note (a): Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
Balances at 21 August 2017 (date of incorporation)	–	–	–	–
Total comprehensive income				
Profit for the year	–	–	27,389	27,389
Transactions with owners in their capacity as owners:				
Issue of shares pursuant to the Reorganisation	–	76,212	–	76,212
Issue of shares pursuant to the Capitalisation *(Note 23)*	(3,000)	–	–	(3,000)
Issue of shares pursuant to the Listing *(Note 23)*	99,000	–	–	99,000
Transaction costs attributable to the Listing *(Note 23)*	(12,557)	–	–	(12,557)
Dividend	–	–	(15,000)	(15,000)
Balances at 31 March 2018	83,443	76,212	12,389	172,044

The Company was incorporated on 21 August 2017 and, as at 31 March 2018, the Company has authorised share capital of HK$100,000,000, divided into 10,000,000,000 shares of HK$0.01 each. As at 31 March 2017, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date.

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of the directors for the year ended 31 March 2018 is set out below:

	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2018							
Executive Directors							
Mr. Chan Kam Chuen, Andrew *(Chairman & CEO) (Note (i))*	-	377	-	16	18	-	411
Mr. Chau Wing Kong, William *(Note (i))*	-	685	-	-	18	-	703
Mr. Chan Siu Cheung, Stephen *(Note (i))*	-	590	-	2	18	-	610
Ms. Tin Hau Ling, Janny *(Note (ii))*	-	7	-	-	-	-	7
Independent Non-executive Directors							
Mr. Yu Ka Ho, Bernard *(Note (iii))*	7	-	-	-	-	-	7
Mr. See Hung Yan, Peter *(Note (iii))*	7	-	-	-	-	-	7
Mr. Chung Kwok Mo, John *(Note (iii))*	7	-	-	-	-	-	7
	21	1,659	-	18	54	-	1,752

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remunerations of the directors for the year ended 31 March 2017 is set out below:

	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2017							
Executive Directors							
Mr. Chan Kam Chuen, Andrew *(Chairman & CEO) (Note (i))*	–	362	–	66	18	–	446
Mr. Chau Wing Kong, William *(Note (i))*	–	694	–	–	18	–	712
Mr. Chan Siu Cheung, Stephen *(Note (i))*	–	594	–	3	18	–	615
Ms. Tin Hau Ling, Janny *(Note (ii))*	–	–	–	–	–	–	–
	–	1,650	–	69	54	–	1,773

Notes:

(i) Mr. Chan Kam Chuen, Andrew, Mr. Chau Wing Kong, William and Mr. Chan Siu Cheung, Stephen were appointed as Executive Director of the Company on 21 August 2017.

(ii) Ms. Tin Hau Ling, Janny was appointed as Executive Director of the Company on 14 November 2017.

(iii) Mr. Yu Ka Ho, Bernard, Mr. See Hung Yan, Peter and Mr. Chung Kwok Mo, John were appointed as Independent Non-executive Directors of the Company on 12 February 2018.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company or Operating Subsidiary and no directors waived or agreed to waive any emolument during the years ended 31 March 2018 and 2017.

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 March 2018 (2017: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2018 (2017: Nil).

(c) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 March 2018 (2017: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 31, there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2018 (2017: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the Note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2018 (2017: Nil).

FINANCIAL

INFORMATION SUMMARY

RESULTS

RESULTS	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
		Year ended 31 March		
Revenue	**452,125**	367,978	299,770	282,558
Profit before income tax	**22,492**	33,789	25,296	19,334
Income tax expenses	**(7,329)**	(5,529)	(4,145)	(3,084)
Profit for the year	**15,163**	28,260	21,151	16,250

ASSETS, EQUITY AND LIABILITIES	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
		As at 31 March		
ASSETS				
Non-current assets	**31,395**	34,712	25,551	19,487
Current assets	**247,128**	125,907	105,410	87,233
Total assets	**278,523**	160,619	130,961	106,720
EQUITY AND LIABILITIES				
Total equity	**147,279**	63,327	52,077	43,976
Non-current liabilities	**–**	67	165	62
Current liabilities	**131,244**	97,225	78,719	62,682
Total liabilities	**131,244**	97,292	78,884	62,744
Total equity and liabilities	**278,523**	160,619	130,961	106,720

Note: The summary of the results of the Group for each of the three years ended 31 March 2015, 2016 and 2017 and of the assets, equity and liabilities as at 31 March 2015, 2016 and 2017 have been extracted from the Prospectus.

The financial information for the year ended 31 March 2014 was not disclosed as consolidated financial statements for the Group have not been prepared for this year. The summary above does not form part of the audited financial statements.