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

2018/19
INTERIM REPORT

CONTENTS

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
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Two Chinachem Exchange Square,
338 King's Road, North Point, Hong Kong

CORPORATE INFORMATION

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

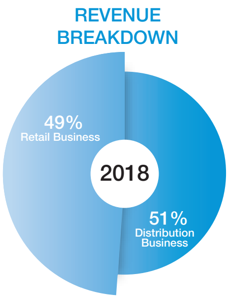
1705

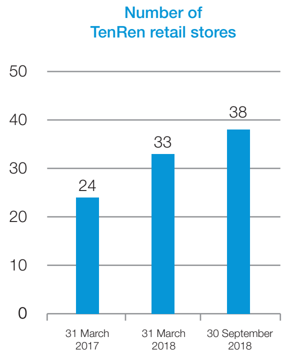
COMPANY'S WEBSITE

www.bandshk.com

FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of B & S International Holdings Ltd. (the "Company", together with its subsidiaries, the "Group"), is pleased to announce the unaudited condensed consolidated results of the Company for the six months ended 30 September 2018, together with the comparative figures for the six months ended 30 September 2017, as follows:





- Revenue reached approximately HK$263.7 million for the six months ended 30 September 2018, representing an increase of approximately 26.8% as compared with the six months ended 30 September 2017.

- The TenRen retail network has grown to 38 stores as at 30 September 2018 (31 March 2018: 33).

- Same store sales growth ("SSSG")(note 1) for the TenRen retail stores have recorded double-digit growth at approximately 10.9%.

FINANCIAL HIGHLIGHTS

- Declared an interim dividend of HK1 cent per share, representing a dividend payout ratio of approximately 36.0% on the profit attributable to owners of the Company.

	Six months ended		
	30 September 2018 HK$ million (Unaudited)	30 September 2017 HK$ million (Unaudited)	**Increase/ (decrease)**
Revenue	**263.7**	208.0	26.8%
Gross Profit	**61.5**	49.5	24.2%
Net profit	**11.6**	7.0	65.7%
Adjusted net profit *(note 2)*	**11.6**	14.8	(21.6)%
Basic earnings per share (HK cents)	**2.8**	2.2	27.3%

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$7.8 million incurred during the six months ended 30 September 2017 ("Adjusted net profit").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2018, the Group's revenue amounted to approximately HK$263.7 million, representing an increase of approximately 26.8% from approximately HK$208.0 million for the same period in 2017. Such increase was mainly attributable to the additional sales brought by the retail business.

During the six months ended 30 September 2018, the strengthening of consumer's spending power and the increase in popularity of Taiwanese tea drinks have driven the expanding momentum of the TenRen (天仁茗茶) retail network. The number of TenRen retail outlets has increased by 5, from 33 stores as at 31 March 2018 to 38 stores as at 30 September 2018. Our "TenRen (天仁茗茶)" retail network spans across Hong Kong Island, Kowloon and the New Territories in Hong Kong. The revenue derived from the retail business increased to approximately HK$129.2 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$89.6 million), representing an increase of approximately HK$39.6 million which contributed approximately 49.0% of our total revenue.

Same store sales performance

The growth in our revenue derived from "TenRen (天仁茗茶)" retail outlets was not only driven by the expansion of our TenRen retail network in terms of the number of retail outlets, but also by the Group's ability to improve its sales within the existing retail outlets. We evaluate our growth within the existing outlets by calculating the average SSSG, 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:

	Six months ended 30 September			
	2016	2017	**2017**	**2018**
Number of same-store	19		**29**	
Average same-store sales	HK$2.7 million	HK$3.1 million	HK$3.0 million	**HK$3.3 million**
Average same-store sales growth rate	12.3%		**10.9%**	

MANAGEMENT DISCUSSION AND ANALYSIS

Average selling prices and volume

The average selling price of our "TenRen (天仁茗茶)" beverage products increased slightly during the six months ended 30 September 2018 primarily because we raised our prices in light of the inflation and rising raw material costs and rental expenses. The average daily sales volume of our "TenRen (天仁茗茶)" beverage products increased throughout the six months ended 30 September 2018 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)" beverage products for the periods indicated:

	Six months ended 30 September	
	2017	**2018**
Average selling price (HK$)		
Beverage products (per cup)	20.7	**22.1**
Side products (per unit)*(Note)*	26.5	**24.4**
Average daily sales volume		
Beverage products (per cup)	19,900	**27,500**
Side products (per unit)*(Note)*	1,500	**1,600**

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

Gross profit for the six months ended 30 September 2018 amounted to approximately HK$61.5 million, representing an increase of approximately 24.2% from approximately HK$49.5 million for the same period in 2017.

Profit attributable to owners of the Company for the six months ended 30 September 2018 was approximately HK$11.1 million, representing an increase of approximately 70.8% from approximately HK$6.5 million for the same period in 2017. Excluding the listing expenses of approximately HK$7.8 million incurred during the six months ended 30 September 2017, the adjusted net profit for the six months ended 30 September 2017 would have been approximately HK$14.8 million. The decrease in the adjusted net profit to approximately HK$11.6 million for the six months ended 30 September 2018 was mainly attributable to the one-time loss incurred for the closure of certain unprofitable brands/outlets as well as additional headcounts and compliance costs to cope with the Group's continuing business expansion during the period, which are all aiming at supporting the future growth of the Group in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

For the six months ended 30 September 2018, the Group's revenue amounted to approximately HK$263.7 million, representing an increase of approximately 26.8% from approximately HK$208.0 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 TenRen retail outlets has increased by 9 stores from 29 stores as at 30 September 2017 to 38 stores as at 30 September 2018.

The revenue derived from the retail business increased to approximately HK$129.2 million for the six months ended 30 September 2018, representing an increase of approximately HK$39.6 million (six months ended 30 September 2017: approximately HK$89.6 million) which contributed approximately 49.0% of the Group's total revenue as a result of the opening of new retail outlets from 30 September 2017 to 30 September 2018.

The revenue derived from the distribution business increased to approximately HK$134.5 million for the six months ended 30 September 2018, representing an increase of approximately HK$16.1 million (six months ended 30 September 2017: approximately HK$118.4 million) which contributed approximately 51.0% of the Group's total revenue mainly due to the increase in sales volume to local retailers in Hong Kong.

Cost of sales

For the six months ended 30 September 2018, the Group's cost of sales amounted to approximately HK$202.2 million, representing an increase of approximately 27.7% from approximately HK$158.4 million for the same period in 2017. Such increase was generally in line with the increase in revenue.

Gross profit and gross profit margin

For the six months ended 30 September 2018, the Group's gross profit amounted to approximately HK$61.5 million, representing an increase of approximately 24.2% from approximately HK$49.5 million for the same period in 2017. The Group's gross profit margin for the six months ended 30 September 2018 decreased by approximately 0.5% to approximately 23.3% as compared to approximately 23.8% for the same period in 2017. The Group's gross profit margin hovered at a level similar to that of the same period in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

For the six months ended 30 September 2018, selling and distribution expenses of the Group amounted to approximately HK$25.6 million, representing an increase of approximately 34.7% from approximately HK$19.0 million for the same period in 2017. Such increase was mainly due to increase in advertising and promotion expenses as a result of increasing promotion activities and marketing events held during the six months ended 30 September 2018 and the increase in transportation expenses as a result of growth in sales volume when compared to that of the six months ended 30 September 2017.

Administrative expenses

For the six months ended 30 September 2018, administrative expenses of the Group amounted to approximately HK$20.8 million, representing an increase of approximately 8.3% from approximately HK$19.2 million for the same period in 2017. Such increase was mainly attributable to the increase in the headcount and salaries of our administrative staff and management staff as a result of the expansion of our business and additional administrative and compliance cost incurred as a listed company in connection with the Company's listing, offsetted by the absence of listing expenses incurred during the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$7.8 million).

Finance costs, net

For the six months ended 30 September 2018, net finance costs of the Group amounted to approximately HK$1.3 million, representing an increase of approximately 85.7% from approximately HK$0.7 million for the same period in 2017. Such increase was primarily due to the increase in finance costs as a result of the increase in borrowings during the six months ended 30 September 2018.

Income tax expenses

For each of the six months ended 30 September 2018 and 30 September 2017, the Group recorded income tax expenses of approximately HK$2.1 million and HK$3.0 million, respectively, representing an effective tax rate of approximately 15.3% and 30.0%, respectively, for the corresponding periods. The relatively higher effective tax rate for the six months ended 30 September 2017 was due to the recognition of listing expenses, which was not tax deductible.

MANAGEMENT DISCUSSION AND ANALYSIS

Net profit

Profit attributable to owners of the Company for the six months ended 30 September 2018 was approximately HK$11.1 million, representing an increase of approximately 70.8% from approximately HK$6.5 million for the same period in 2017. Excluding the listing expenses of approximately HK$7.8 million incurred during the six months ended 30 September 2017, the adjusted net profit for the six months ended 30 September 2017 would have been approximately HK$14.8 million. Such decrease in the adjusted net profit to approximately HK$11.6 million for the six months ended 30 September 2018 was mainly attributable to the one-time loss incurred for the closure of certain unprofitable brands/outlets as well as additional headcounts and compliance costs incurred to cope with the Group's continuing business expansion during the period, which are all aiming to support the future growth of the Group in the coming years.

The net profit margin (calculated as a ratio of profit for the period to revenue) for the six months ended 30 September 2018 was approximately 4.4%, as compared to approximately 3.4% for the same period in 2017. Basic earnings per share for the six months ended 30 September 2018 amounted to approximately HK2.8 cents, as compared to approximately HK2.2 cents for the same period in 2017.

Capital expenditure

During the six months ended 30 September 2018, capital expenditure amounted to approximately HK$ 11.7 million. This amount was mainly used for the opening of new retail outlets.

Liquidity and financial resources review

Our Group is financially sound with cash and cash equivalents amounting to approximately HK$62.0 million as at 30 September 2018 (31 March 2018: approximately HK$118.4 million). As at 30 September 2018, the gearing ratio of the Group was approximately 49.8% (31 March 2018: approximately 66.1%), which was calculated based on the total debt divided by the total equity at the end of the financial period/year and multiplied by 100%. Debt of our Group refers to bank borrowings and amounts due to related parties. As at 30 September 2018, the Group has total bank facilities of approximately HK$128.4 million (31 March 2018: approximately HK$146.8 million) of which HK$83.5 million (31 March 2018: approximately HK$109.4 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 which is consistent with our 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 outlets and warehouses. The Group's operating lease commitments amounted to approximately HK$98.9 million and approximately HK$93.6 million as at 30 September 2018 and 31 March 2018 respectively.

Capital structure

The shares of the Company (the "Shares") were successfully listed on the Main Board of the Stock Exchange on 14 March 2018 (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 30 September 2018, the Company had 400,000,000 Shares in issue.

Material acquisitions and disposals of subsidiaries and affiliated companies

For the six months ended 30 September 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant investments and acquisitions of capital assets

For the six months ended 30 September 2018, the Group did not hold any significant investments nor made any significant acquisitions of capital assets.

Charges on the Group's assets

As at 30 September 2018, certain assets of the Group with an aggregate carrying value of approximately HK$47,424,000 (31 March 2018: approximately HK$37,301,000) were pledged to secure banking facilities of the Group.

Capital commitments and contingent liabilities

Details of the capital commitments are set out in note 24 to the interim condensed consolidated financial statements in this report. The Group has no material contingent liabilities as at 30 September 2018.

Event after the reporting period

No significant event has taken place after 30 September 2018 and up to the date of this report.

Employees and remuneration policies and training schemes

As at 30 September 2018, the Group employed a total of 673 employees (as at 31 March 2018: 494) and the employee benefit expenses including directors' emoluments were approximately HK$45.7 million. The Group offers a comprehensive remuneration package which is reviewed by the 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. The Group has also provided training programmes to its management and employees regularly to ensure that they are properly trained.

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$71.1 million.

As at 30 September 2018, the unused net proceeds from the share offer were approximately HK$43.7 million. 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 (as defined below). Save for the announcement of the Company dated 20 August 2018 regarding a change in allocation of IPO Proceeds (the "20 August 2018 Announcement"), the Directors do not anticipate that there will be any material change in the proposed use of the net proceeds from the share offer.

Reference is made to: (1) the prospectus of the Company dated 26 February 2018 (the "Prospectus"); (2) the Company's announcement dated 13 March 2018 (the "Allotment Results Announcement"); and (3) the 20 August 2018 Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the utilisation of the IPO Proceeds up to the period ended 30 September 2018 is set out below:

	Original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement)	Revised allocation of IPO Proceeds (as disclosed in the 20 August 2018 Announcement)	Utilised IPO Proceeds as at 30 September 2018	Unutilised IPO Proceeds as at 30 September 2018
	HK$'000	HK$'000	HK$'000	HK$'000
Opening new shops				
— *TenRen*	26,200	26,200	(13,697)	12,503
— *Jiu Tang Wu*	18,000	18,000	(1,154)	16,846
— *Uncle Tetsu*	2,400	–	–	–
Introducing a new beverage brand	–	1,640	(560)	1,080
Upgrading the ERP system	3,600	3,600	(2,524)	1,076
Leasing of warehouse facilities	12,300	12,300	(2,024)	10,276
Expansion of sales and marketing team	2,500	2,500	(623)	1,877
General working capital	6,100	6,860	(6,860)	–
Total	71,100	71,100	(27,442)	43,658

For details regarding reasons for the reallocations of IPO Proceeds, please refer to the 20 August 2018 Announcement.

The Directors confirm that since the 20 August 2018 Announcement and up to the date of this report, there has been no material change in the utilisation of the IPO Proceeds and reallocation of unutilised IPO Proceeds mentioned above.

PROSPECTS

Looking forward to opportunities and challenges, 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 and improving the quality of its existing brands and products.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Revenue	*7*	**263,725**	207,956
Cost of sales	*10*	**(202,234)**	(158,426)
Gross profit		**61,491**	49,530
Other losses, net	*8*	**(112)**	(744)
Other income	*9*	**–**	162
Selling and distribution expenses	*10*	**(25,572)**	(18,996)
Administrative expenses	*10*	**(20,795)**	(19,214)
Operating profit		**15,012**	10,738
Finance income		**541**	–
Finance costs		**(1,850)**	(706)
Finance costs, net	*11*	**(1,309)**	(706)
Profit before income tax		**13,703**	10,032
Income tax expense	*12*	**(2,107)**	(3,011)
Profit and total comprehensive income for the period		**11,596**	7,021
Profit and total comprehensive income attributable to:			
Owners of the Company		**11,121**	6,548
Non-controlling interest		**475**	473
		11,596	7,021
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share)			
— basic and diluted	*13*	**2.8**	2.2

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**24,495**	20,611
Deferred income tax assets		**1,338**	1,017
Deposits and other assets	*17*	**16,580**	9,767
		42,413	31,395
Current assets			
Inventories	*16*	**25,215**	24,456
Trade receivables	*18*	**71,805**	73,385
Deposits, prepayments and other receivables	*17*	**9,897**	8,385
Restricted cash	*19*	**45,000**	22,500
Cash and cash equivalents	*19*	**61,979**	118,402
		213,896	247,128
Total assets		**256,309**	278,523
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**4,000**	4,000
Reserves		**79,794**	79,794
Retained earnings		**56,753**	57,632
		140,547	141,426
Non-controlling interest		**5,838**	5,853
Total equity		**146,385**	147,279

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Notes	**30 September 2018 HK$'000 (Unaudited)**	31 March 2018 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	*21*	**34,001**	31,618
Income tax payables		**3,075**	2,272
Amounts due to related parties	*25*	**157**	8,209
Bank borrowings	*22*	**72,691**	89,145
		109,924	131,244
Total liabilities		**109,924**	131,244
Total equity and liabilities		**256,309**	278,523

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Attributable to owners of the Company			
	Note	Share capital HK$'000 (Note 20)	Reserves and retained earnings HK$'000	Non-controlling interest HK$'000	Total HK$'000
Balance at 1 April 2017		–	58,552	4,775	63,327
Profit and total comprehensive income for the period		–	6,548	473	7,021
Balance at 30 September 2017 (Unaudited)		–	65,100	5,248	70,348
Balance at 1 April 2018		**4,000**	**137,426**	**5,853**	**147,279**
Profit and total comprehensive income for the period		**–**	**11,121**	**475**	**11,596**
Transaction with owners in their capacity as owners:					
Dividends	*14*	**–**	**(12,000)**	**(490)**	**(12,490)**
Balance at 30 September 2018 (Unaudited)		**4,000**	**136,547**	**5,838**	**146,385**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	*23(a)*	**22,049**	4,829
Income tax paid		**(1,609)**	(951)
Net cash generated from operating activities		**19,675**	3,878
Cash flows from investing activities			
Purchase of property, plant and equipment		**(15,843)**	(8,259)
Purchase of key management life insurance contracts		**(215)**	(3,379)
Increase in restricted cash		**(22,500)**	(7,500)
Interest received		**541**	–
Net cash used in investing activities		**(38,017)**	(19,138)
Cash flows from financing activities			
Proceeds from bank borrowings		**72,460**	70,566
Repayments of bank borrowings		**(88,914)**	(54,803)
Dividend paid		**(12,000)**	–
Net repayments of obligation under hire purchase contracts		**–**	(49)
Amounts due to related parties		**(8,542)**	(11,467)
Interest paid		**(1,850)**	(706)
Net cash (used in)/generated from financing activities		**(38,846)**	3,541
Net decrease in cash and cash equivalents		**(56,423)**	(11,719)
Cash and cash equivalents at beginning of the period		**118,402**	37,477
Cash and cash equivalents at end of the period	*19*	**61,979**	25,758

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board") on 14 March 2018.

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

3.1 Accounting policies

The accounting policies applied to this interim condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 March 2018 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to the expected total annual earnings and the adoption of new and amended standards as set out below.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.1 Accounting policies *(Continued)*

(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 2018 and have been adopted in the preparation of the interim condensed consolidated financial information:

Amendments to HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
Amendments to HKFRS 15	Clarification to HKFRS 15
HK (IFRIC) 22	Foreign currency transactions and advance consideration

The impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are disclosed in Note 3.2 below.

Apart from HKFRS 9 and HKFRS 15 as mentioned above, there are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.1 Accounting policies *(Continued)*

(b) New standards and amendment to existing standards not yet adopted

The following new standards and amendment to existing standards have been issued but are not effective for the financial year beginning on 1 April 2018 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
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

None of the above new standards and amendments to existing standards is expected to have a significant effect on the consolidated financial statements of the Group except for HKFRS 16, “Leases”.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.1 Accounting policies *(Continued)*

(b) New standards and amendment to existing standards 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 HKAS 17, 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, the lease arrangements of which are currently classified as operating leases. The Group's current accounting policy for such leases is to record the rental expenses in the Group's consolidated statement of comprehensive income for the current period with the disclosure of related future minimum lease payments as operating lease commitments (Note 24(b)). As at 30 September 2018, the Group's total non-cancellable operating lease commitments amounted to HK$98,917,000. The new standard will 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 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 90% of the total liabilities of the Group as at 30 September 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 new standard is not expected to apply until financial year beginning on or after 1 January 2019.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 Change in accounting policies

This note explains the impact of the adoption of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” on the Group’s interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior period.

(a) HKFRS 9 “Financial Instruments” — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

It is generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not restated in the consolidated balance sheet as at 31 March 2018, but are recognised in the opening consolidated balance sheet on 1 April 2018.

(i) Classification and measurement

The Group’s management has assessed which business model applies to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The Group’s financial assets classified as loans and receivables meet the conditions for classification at amortised costs under HKFRS 9. Therefore, there were no changes to the classification and measurement of the financial assets. There is 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.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 Change in accounting policies *(Continued)*

(a) HKFRS 9 "Financial Instruments" — Impact of adoption *(Continued)*

(ii) Impairment of financial assets

The Group has only one type of financial assets which is subject to HKFRS 9's new expected credit loss model i.e. financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for such class of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is not material.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For all trade receivables, the Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the invoice dates.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 Change in accounting policies *(Continued)*

(b) HKFRS 9 "Financial Instruments" — summary of significant accounting policies

(i) Classification

From 1 April 2018, the Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses, net.

(iii) Impairment

From 1 April 2018, the Group applies the simplified approach permitted by HKFRS 9 to trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 Change in accounting policies *(Continued)*

(c) HKFRS 15 "Revenue from Contracts with Customers" — Impact of adoption

The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) was recognised in retained earnings as at 1 April 2018 and that comparatives was not restated.

The Group is engaged in distribution of food and beverage products and provision of catering services. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The Group does not incur costs to fulfil contracts which should be capitalised as they relate directly to the contracts, generate resources used in satisfying the contract and are expected to be recovered.

The Group does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Thus, the Group does not adjust any of the transaction prices for the time value of money.

As a result, the adoption of HKFRS 15 did not result in any net impact on the profit for the period, as the timing of revenue recognition on sales of goods and provision of catering services have not changed.

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 Change in accounting policies *(Continued)*

(d) HKFRS 15 "Revenue from Contracts with Customers" – summary of significant accounting policies

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 and the customer has accepted the products and thus has the ability to direct the use and obtain the benefits from the good or service. 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.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018.

5 FINANCIAL RISK MANAGEMENT

5.1 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 and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2018.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

There was no material change in the contractual undiscounted cash flows for financial liabilities.

5.3 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.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

At 30 September 2018 and 31 March 2018, the Group did not have any financial instruments carried at fair value.

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.

6 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 the operating assets of the Group are located in Hong Kong.

6 SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2018 and 2017 is as follows:

	For the period ended 30 September 2018 (Unaudited)		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Segment revenue	134,512	129,213	263,725
Segment results	18,429	14,900	33,329
Unallocated expenses			(18,205)
Other losses, net			(112)
Finance costs, net			(1,309)
Profit before income tax			13,703
Income tax expense			(2,107)
Profit for the period			11,596
Segment items included:			
Depreciation	961	5,801	6,762

6 SEGMENT INFORMATION *(Continued)*

	For the period ended 30 September 2017 (Unaudited)		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Segment revenue	118,380	89,576	207,956
Segment results	16,627	13,206	29,833
Unallocated expenses			(18,513)
Other losses, net			(744)
Other income			162
Finance costs, net			(706)
Profit before income tax			10,032
Income tax expense			(3,011)
Profit for the period			7,021
Segment items included:			
Depreciation	637	3,668	4,305

6 SEGMENT INFORMATION *(Continued)*

The segment assets as at 30 September 2018 and 31 March 2018 and the reconciliation to the total assets are as follows:

	As at 30 September 2018 (Unaudited)		
	Distribution Business HK$'000	**Retail Business HK$'000**	**Total HK$'000**
Total segment assets	**88,147**	**55,896**	**144,043**
Total segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**1,479**	**10,208**	**11,687**

	As at 31 March 2018 (Audited)		
	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

6 SEGMENT INFORMATION *(Continued)*

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Total segment assets	**144,043**	134,081
Unallocated:		
Deferred income tax assets	**1,338**	1,017
Key management life insurance contracts	**2,424**	2,273
Deposits, prepayments and other assets	**1,525**	–
Amount due from a related company	**–**	250
Restricted cash	**45,000**	22,500
Cash and cash equivalents	**61,979**	118,402
Total assets	**256,309**	278,523

The segment liabilities as at 30 September 2018 and 31 March 2018 and the reconciliation to the total liabilities are as follows:

	As at 30 September 2018 (Unaudited)		
	Distribution Business HK$'000	**Retail Business HK$'000**	**Total HK$'000**
Total segment liabilities	**47,657**	**19,419**	**67,076**

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

6 SEGMENT INFORMATION *(Continued)*

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Total segment liabilities	**67,076**	65,507
Unallocated:		
Other payables	**1,616**	3,504
Income tax payables	**3,075**	2,272
Amounts due to related parties	**157**	8,209
Bank borrowings	**38,000**	51,752
Total liabilities	**109,924**	131,244

7 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 period are as follows:

	Six months ended 30 September	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Sales of goods	**134,512**	118,380
Catering services	**129,213**	89,576
	263,725	207,956

For the period ended 30 September 2018, customer A from Distribution Business accounted for approximately 19% (30 September 2017: approximately 24%) of the Group's revenue.

All other customers individually accounted for less than 10% of the Group's revenue for the periods ended 30 September 2018 and 2017.

8 OTHER LOSSES, NET

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Fair value gain on financial assets at fair value through profit or loss	**–**	(386)
Change in cash surrender value of key management life insurance contracts	**64**	445
Exchange loss	**6**	685
Others	**42**	–
	112	744

9 OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Rental income	**–**	78
Sundry income	**–**	84
	–	162

10 EXPENSES BY NATURE

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**125,950**	106,782
Depreciation of property, plant and equipment *(Note 15)*	**6,762**	4,305
Employee benefit expenses	**45,707**	30,022
Operating lease rentals in respect of rented premises	**29,014**	21,041
Utilities expenses	**7,151**	4,656
Transportation and logistic service expenses	**7,859**	6,841
Freight charges	**3,045**	2,423
Advertising and promotion expenses	**11,434**	8,592
Auditor's remuneration		
— Audit services	**930**	73
— Non-audit services	**100**	–
Franchise fee	**2,398**	1,118
Travelling expenses	**722**	415
Write off of slow-moving and obsolete inventories	**–**	42
Write off of impaired trade receivables *(Note 18)*	**139**	–
Loss on disposal of property, plant and equipment	**1,041**	–
Listing expenses	**–**	7,772
Others	**6,349**	2,554
	248,601	196,636
Representing:		
Cost of sales	**202,234**	158,426
Selling and distribution expenses	**25,572**	18,996
Administrative expenses	**20,795**	19,214
	248,601	196,636

11 FINANCE COSTS, NET

	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Finance income		
— Bank interest income	**541**	–
Finance costs		
— Interest expense on bank borrowings	**(1,850)**	(704)
— Interest expense on hire purchase contracts	**–**	(2)
	(1,850)	(706)
Finance costs, net	**(1,309)**	(706)

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 six months ended 30 September 2018 (six months ended 30 September 2017: 16.5%).

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

	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Current income tax	**2,428**	3,286
Deferred income tax	**(321)**	(275)
	2,107	3,011

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 period.

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**11,121**	6,548
Weighted average number of ordinary shares in issue (thousands)	**400,000**	300,000
Basic earnings per share (HK cents)	**2.8**	2.2

In determining the weighted average number of ordinary shares as at 30 September 2017, the additional 299,999,700 shares issued on 23 October 2017 and 12 February 2018 respectively pursuant to the reorganisation and capitalisation issue in respect of the listing of the Company's shares on the Main Board were treated as if they had been in issue since 1 April 2017.

(b) Diluted

For the periods ended 30 September 2018 and 2017, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

14 DIVIDENDS

On 26 June 2018, a final dividend of HK3 cents per share for the year ended 31 March 2018 was approved by the Company's shareholders. Total dividend of HK$12,000,000, was paid out during the six months ended 30 September 2018.

On 28 November 2018, the Board has resolved to pay an interim dividend of HK1 cent per share, amounting to a total dividend of HK$4,000,000, in respect of the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil). This interim dividend has not been recognised as a liability in this interim financial information.

15 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 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
Period ended 30 September 2017 (Unaudited)						
Opening net book amount	8,312	2,773	314	896	191	12,486
Additions	6,237	1,081	217	705	–	8,240
Depreciation *(Note 10)*	(3,235)	(744)	(47)	(234)	(45)	(4,305)
Closing net book amount	11,314	3,110	484	1,367	146	16,421
At 30 September 2017 (Unaudited)						
Cost	29,970	5,755	1,075	2,606	3,306	42,712
Accumulated depreciation	(18,656)	(2,645)	(591)	(1,239)	(3,160)	(26,291)
Net book amount	11,314	3,110	484	1,367	146	16,421
At 1 April 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**
Period ended 30 September 2018 (Unaudited)						
Opening net book amount	**15,117**	**3,114**	**668**	**1,608**	**104**	**20,611**
Additions	**7,136**	**2,106**	**469**	**1,302**	**674**	**11,687**
Disposal	**(791)**	**(181)**	**(11)**	**(58)**	**–**	**(1,041)**
Depreciation *(Note 10)*	**(5,154)**	**(1,018)**	**(110)**	**(436)**	**(44)**	**(6,762)**
Closing net book amount	**16,308**	**4,021**	**1,016**	**2,416**	**734**	**24,495**
At 30 September 2018 (Unaudited)						
Cost	**36,638**	**8,065**	**1,300**	**3,805**	**1,788**	**51,596**
Accumulated depreciation	**(20,330)**	**(4,044)**	**(284)**	**(1,389)**	**(1,054)**	**(27,101)**
Net book amount	**16,308**	**4,021**	**1,016**	**2,416**	**734**	**24,495**

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of sales	**5,801**	3,669
Selling and distribution expenses	**271**	268
Administrative expenses	**690**	368
	6,762	4,305

16 INVENTORIES

	30 September	31 March
	2018	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Raw materials	**8,194**	5,868
Finished goods	**17,021**	18,588
	25,215	24,456

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

The cost of inventories recognised as expense and included in cost of sales amounted to HK$125,950,000 (30 September 2017: HK$106,782,000).

17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current		
Rental deposits	**9,364**	7,419
Deposits for the purchase of non-current assets	**4,792**	75
Key management life insurance contracts *(Note)*	**2,424**	2,273
	16,580	9,767
Current		
Prepayments	**5,923**	3,467
Rental and other deposits	**3,859**	3,987
Other receivables	**54**	604
Amount due from related parties *(Note 25)*	**61**	311
Income tax recoverable	**–**	16
	9,897	8,385
	26,477	18,152

Note:

As at 30 September 2018 and 31 March 2018, the Group's key management life insurance contracts were pledged as securities for certain of the Group's bank borrowings (Note 22). 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$.

18 TRADE RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade receivables		
— third parties	**71,595**	72,923
— related parties *(Note 25)*	**210**	462
	71,805	73,385

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 30 September 2018 and 31 March 2018, the ageing analysis of the trade receivables based on invoice date was as follows:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**30,035**	27,931
31–60 days	**16,885**	18,321
61–90 days	**14,821**	16,220
91–180 days	**9,917**	10,438
Over 180 days	**147**	475
	71,805	73,385

During the period ended 30 September 2018, trade receivables of HK$139,000 (30 September 2017: Nil) were written off.

19 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Cash at banks	**60,524**	117,707
Cash on hand	**1,455**	695
	61,979	118,402

(b) Restricted cash

As at 30 September 2018, the Group had restricted deposits amounting to HK$45,000,000 as securities for certain banking facilities (31 March 2018: HK$22,500,000).

20 SHARE CAPITAL

	Number of Shares	Share capital HK$'000
Authorised:		
Ordinary Shares of HK$0.01 each		
At 21 August 2017 (date of incorporation) and 30 September 2017	39,000,000	390
Increase in authorised share capital	9,961,000,000	99,610
At 31 March 2018, 1 April 2018 and 30 September 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) and 30 September 2017	300	–
Shares issued pursuant to reorganisation issue on 23 October 2017	1,200	–
Shares issued pursuant to capitalisation issue on 12 February 2018	299,998,500	3,000
Shares issued pursuant to listing on 14 March 2018	100,000,000	1,000
At 31 March 2018, 1 April 2018 and 30 September 2018	400,000,000	4,000

21 TRADE AND OTHER PAYABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade payables	**11,842**	8,935
Other payables	**22,159**	22,683
	34,001	31,618

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**10,747**	7,615
31–60 days	**227**	141
61–90 days	**49**	800
Over 90 days	**819**	379
	11,842	8,935

22 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:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Current		
Within 1 year or on demand	**72,691**	89,145

As at 30 September 2018, the Group's banking facilities are secured by:

(i) Key management life insurance contracts with carrying values of HK$2,424,000 as at 30 September 2018 (31 March 2018: HK$2,273,000); and

(ii) Restricted cash deposits of HK$45,000,000 (31 March 2018: HK$22,500,000).

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

23 CASH GENERATED FROM OPERATING ACTIVITIES

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit before income tax	**13,703**	10,032
Adjustments for:		
Depreciation of property, plant and equipment *(Note 15)*	**6,762**	4,305
Change in cash surrender value of key management life insurance contracts	**64**	445
Fair value gain on financial assets at fair value through profit or loss	**–**	(386)
Unrealised exchange loss	**–**	794
Loss on disposal of property, plant and equipment	**1,041**	–
Inventory write-off	**–**	42
Write-off of trade receivables *(Note 18)*	**139**	–
Finance income *(Note 11)*	**(541)**	–
Finance costs *(Note 11)*	**1,850**	706
	23,018	15,938
Changes in working capital:		
Inventories	**(759)**	(461)
Trade receivables	**1,441**	(12,158)
Deposits, prepayments and other receivables	**(3,473)**	(6,859)
Trade and other payables	**1,822**	8,369
Cash generated from operations	**22,049**	4,829

(b) Significant non-cash transactions

During the period ended 30 September 2018, dividends payable to a minority shareholder of a non-wholly owned subsidiary of HK$490,000 (30 September 2017: Nil) were settled through offsetting balances with the minority shareholder.

24 COMMITMENTS

(a) Capital commitments

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Contracted but not provided for		
— Property, plant and equipment	**1,786**	1,428

(b) Operating lease commitments

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Not later than one year	**45,563**	45,521
Later than one year and not later than five years	**53,354**	48,088
	98,917	93,609

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rentals 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.

25 RELATED PARTY TRANSACTIONS

As at 30 September 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 periods ended 30 September 2018 and 2017.

Name of related parties	Relationship with the Group
Mr. Chan Kam Chuen Andrew	Controlling Shareholder and an executive director of the Company
Mr. Chan Siu Cheung Stephen	Controlling Shareholder and an executive director of the Company
Mr. Chau Wing Kong William	Controlling Shareholder and an executive director of the Company
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 and an executive director of the Company
Best Sky Hong Kong Limited	Controlled by Mr. Chan Siu Cheung Stephen
New Odaiba ("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 Enterprises Limited ("Best Source")	Controlled by Mr. Chan Kam Chuen Andrew, Mr. Chau Wing Kong William and Mr. Chan Siu Cheung Stephen

25 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Names and relationships with related parties *(Continued)*

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following related transactions during the period ended 30 September 2018.

(b) Balances with related parties:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade related receivables		
— New Odaiba	**176**	217
— D & W Balloon Company	**34**	245
	210	462
Amount due from related parties		
— Best Sky Hong Kong Limited	**61**	61
— Mr. Fung King Wai Paul	**–**	250
	61	311
Amounts due to related parties		
— Mr. Chan Kam Chuen Andrew	**37**	2,709
— Mr. Fung King Wai Paul	**21**	–
— Mr. Chan Siu Cheung Stephen	**99**	2,776
— Mr. Chau Wing Kong William	**–**	2,724
	157	8,209

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

As at 30 September 2018 and 31 March 2018, balances with related parties were unsecured, interest-free, denominated in HK$, and repayable within one year.

25 RELATED PARTY TRANSACTIONS *(Continued)*

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continued transactions		
Sale of goods to a related party		
— New Odaiba	**1,097**	5,701
Rental expense charged by related parties		
— Best Source	**3,237**	2,451
— Best Source and Ms. Tin Hau Ling, Janny	**647**	490
Discontinued transactions		
Rental income received from a related party		
— Best Sky Hong Kong Limited	**–**	60
Sale of goods to a related party		
— D & W Balloon Company	**–**	2,162

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

25 RELATED PARTY TRANSACTIONS *(Continued)*

(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, was as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Wages, salaries, bonuses and allowances	**1,314**	1,037
Pension costs — defined contribution plans	**36**	33
Staff welfare and benefits	**65**	5
	1,415	1,075

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent per share (six months ended 30 September 2017: nil) payable on or about Friday, 21 December 2018 to the shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on Friday, 14 December 2018.

SHARE OPTION SCHEME

As at 30 September 2018, no option had been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding share option as at the date of this report.

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

As at 30 September 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 ("Mr. Andrew Chan")	Interest in a controlled corporation (note 1)	100,000,000 (long position)	25.0
Mr. Chan Siu Cheung Stephen ("Mr. Stephen Chan")	Interest in a controlled corporation (note 2)	100,000,000 (long position)	25.0
Mr. Chau Wing Kong William ("Mr. William Chau")	Interest in a controlled corporation (note 3)	100,000,000 (long position)	25.0
Ms. Tin Hau Ling Janny ("Ms. Janny Tin")	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. William 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 30 September 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 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.

OTHER INFORMATION

Save as disclosed above, as at 30 September 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.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of our Company on Friday, 14 December 2018 will be eligible for the interim dividend. The register of members of our Company will be closed from Wednesday, 12 December 2018 to Friday, 14 December 2018, both days inclusive. In order to qualify for the interim dividend, Shareholders should ensure that all properly completed transfer documents 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, 11 December 2018.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining the highest standard of corporate governance to safeguard the Shareholder's interests. The Company has been listed on the Stock Exchange since the Listing Date. During the period from Listing Date up to the date of this report, the Company has applied the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to 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 the Shareholders but also protect 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 report, the Company has complied with all the code provisions in 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 separated 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.

OTHER INFORMATION

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 in the CG code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 Director 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2018 and up to the date of this report, there has been no purchase, sale or redemption of any Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The primary duties of the audit committee of the Company (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.

OTHER INFORMATION

The Audit Committee held a meeting on 28 November 2018 and has considered and reviewed the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Group and given their opinion and recommendation to the Board. The Audit Committee considers that the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Company have compiled with the applicable accounting standards and the Company has made appropriate disclosure thereof.