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

ANNUAL REPORT

2019

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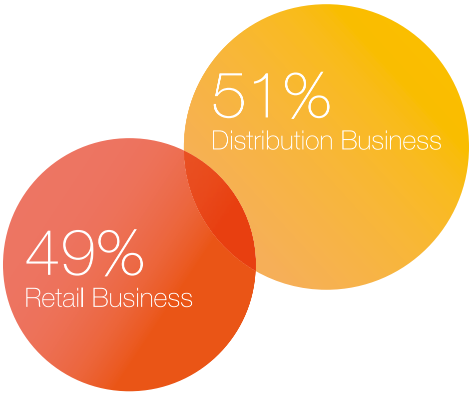
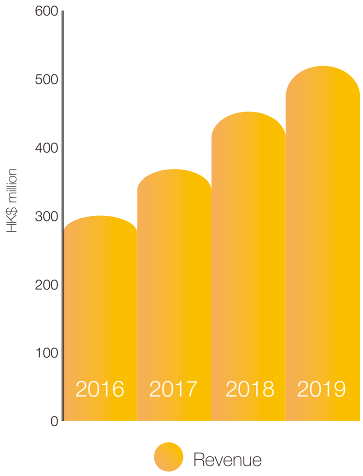
UHA味覚糖
UHA Hong Kong
新鮮な旬の果物を
採用される
果汁100%
Premium Gummy
UHA味覚糖
コロロ
ブチッと弾ける!
Muscat
CORORO
20% EXTRA 増量
Grape
おいしさはやさしさ
まるで果実!
Enjoy cororo candy
追い求めるのは、ジューシー感と果実感
- 日本知名品牌 70年歴史 -

FINANCIAL HIGHLIGHTS

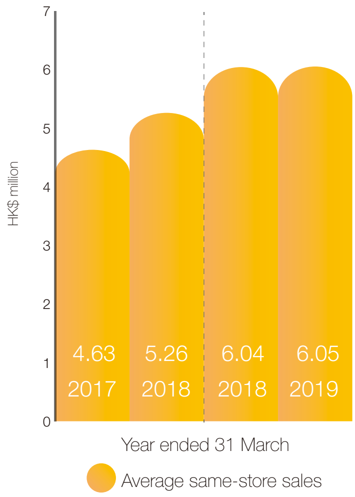
REVENUE BREAKDOWN



REVENUE



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



- Revenue reached approximately HK$519.5 million for the year ended 31 March 2019, representing an increase of approximately 14.9% as compared with the year ended 31 March 2018.
- The TenRen retail network has grown to 49 stores as at 31 March 2019 (31 March 2018: 33).
- Proposed a final dividend of HK2 cents per share.

	For the year ended 31 March 2019 HK$ million	For the year ended 31 March 2018 HK$ million	**Increase/ (decrease)**
Revenue	**519.5**	452.1	14.9%
Gross profit	**113.3**	115.8	(2.2%)
Net profit	**14.7**	15.2	(3.3%)
Adjusted net profit *(note)*	**14.7**	34.9	(57.9%)
Basic earnings per share (HK cents)	**3.37**	4.62	(27.1%)

Note: Adjusted net profit is derived from net profit excluding the non-recurring listing expenses of approximately HK$19.7 million incurred for the year ended 31 March 2018.

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. Pang Koon Kwai (appointed on 30 April 2019)
Mr. Yu Ka Ho (resigned on 30 April 2019)
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. Pang Koon Kwai (appointed on 30 April 2019)
Mr. Yu Ka Ho (resigned on 30 April 2019)
Mr. See Hung Yan Peter

REMUNERATION COMMITTEE

Mr. Pang Koon Kwai *(Chairman)*
(appointed on 30 April 2019)
Mr. Yu Ka Ho (resigned on 30 April 2019)
Mr. See Hung Yan Peter
Mr. Chung Kwok Mo John

NOMINATION COMMITTEE

Mr. See Hung Yan Peter *(Chairman)*
Mr. Pang Koon Kwai (appointed on 30 April 2019)
Mr. Yu Ka Ho (resigned on 30 April 2019)
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

STOCK CODE

1705

COMPANY'S WEBSITE

www.bandshk.com


TAMAGO Japan Egg
日本畜產物輸出促進協議會
(雞蛋輸出部會)
官方認證 TAMAGO 標誌
玉子之家・日本雞蛋
玉子の家®
極濃雞蛋
白雞蛋
粉紅雞蛋

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 2019 ("FY2019").

REVIEW

FY2019 is a challenging year for the Group. The weaker performance of the global and local economy, as well as the fierce competition in the tea drinks serving market, have challenged our performance in our retail business. The rise of competitors have challenged the relative weighting of our two major cost bases – rent and labour, which have lowered the profitability of our TenRen (天仁茗茶) business in FY2019. Although the market has changed, the Group has continuously strengthened the business by maintaining our products quality and the multi-brand development strategy.

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, the Group 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 is able to offer a total of approximately 7,000 stock keeping units ("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 2019, it sets up a total of 57 self-operated retail outlets. It was licenced by several brand owners, including "TenRen (天仁茗茶)" and "Jiu Tang Wu (九湯屋)". The Group has stayed innovative in food retail, and strives to introduce more brands and products of high quality from around the world.

PROSPECTS

Moving forward, the Group will continue to strengthen the leading market position of our TenRen business in Hong Kong and will maintain its expansion momentum with a prudent 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.

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, 24 June 2019


天仁茗茶
913 黑糖珍珠鮮奶茶
實際商品以實物為準


洛神冰茶
Roselle Green Tea
珍珠鮮奶茶
Black Tea Latte with Pearls
鮮榨水果綠茶
Green Tea with Fresh Fruit
香橙綠茶
Orange Green Tea
香芋鮮奶綠
Taro Green Tea Latte
天仁茗茶
TenRen's TEA
香港天仁茗茶

For the year ended 31 March 2019, the turnover of the Group totalled approximately HK$519.5 million (2018: approximately HK$452.1 million), representing an increase of approximately 14.9%, which was mainly attributable to the additional sales brought by the retail business. Gross profit decreased from approximately HK$115.8 million in the previous year to approximately HK$113.3 million for the year ended 31 March 2019, representing a decrease of approximately HK$2.5 million which is equivalent to a decrease of approximately 2.2%. Profit attributable to owners of the Company for the year ended 31 March 2019 was approximately HK$13.5 million (2018: approximately HK$14.1 million), representing a decrease of approximately 4.3%.

The Group is a well-established food and beverage company with over 29 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 supermarkets, pharmacies, convenience stores and department store chains in Hong Kong. We also provide supply chain solutions from importing the products from the overseas brand owners to marketing the products to retailers in Hong Kong. Our services 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 customized 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 in the market.

For the year ended 31 March 2019, the revenue generated from the distribution business increased to approximately HK$265.3 million (2018: approximately HK$255.4 million), representing an increase of approximately HK$9.9 million, which contributed approximately 51.1% of the total revenue.

RETAIL BUSINESS

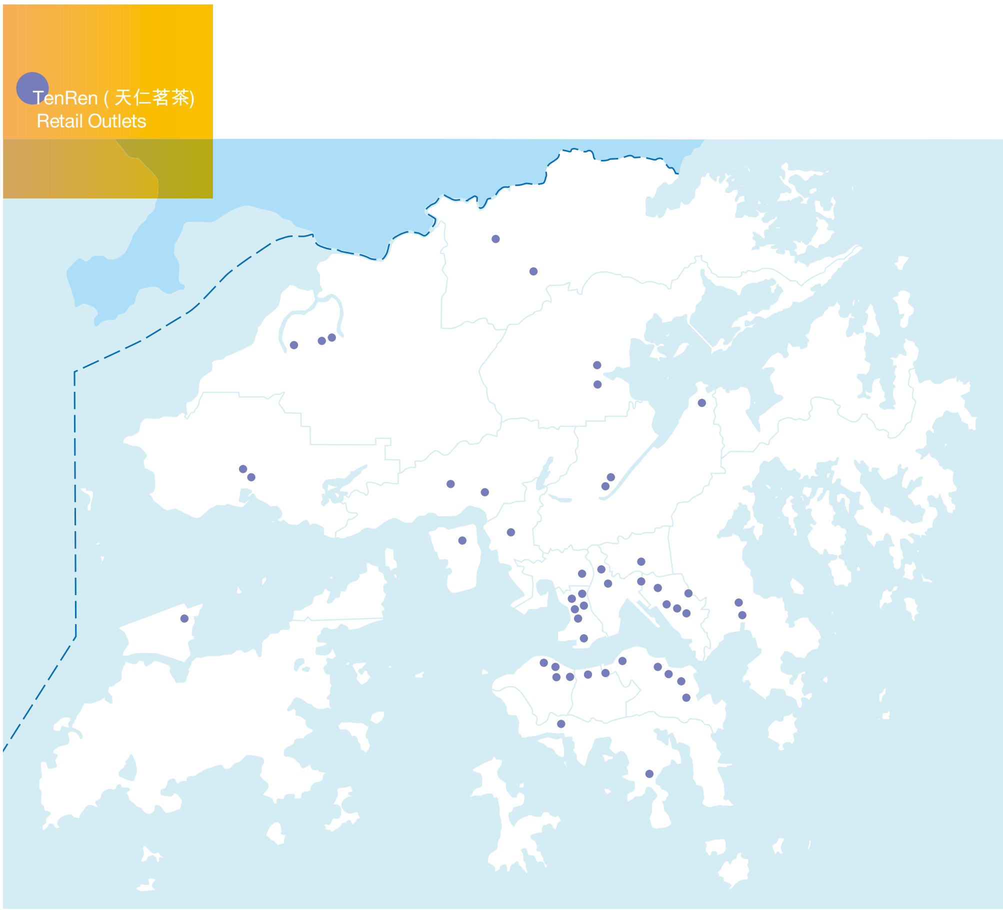
We principally prepare and/or sell overseas branded food and beverage products licensed to us at our self-operated retail outlets in Hong Kong. As at 31 March 2019, we had set up 57 self-operated retail outlets and the details of the outlets are set out below:

	天仁茗茶	九湯屋	Uncle Tetsu	Hotel Chocolat	OTHERS	TOTAL
2019	49	5	–	–	3	57
2018	33	2	3	3	2	43
2017	24	–	2	–	2	28

Total Number of stores as at 31 March

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2019, the strengthening of consumer's spending power drove the expanding momentum of the Group's retail network. The number of TenRen retail outlets has increased by 16 stores, from 33 stores as at 31 March 2018 to 49 stores as at 31 March 2019. Our "TenRen (天仁茗茶)" retail network spans across Hong Kong Island, Kowloon and the New Territories in Hong Kong.



Revenue
from the retail
$254.2 million

The revenue generated from the retail business increased to approximately HK$254.2 million for the year ended 31 March 2019 (2018: approximately HK$196.7 million), representing an increase of approximately HK$57.5 million, which contributed approximately 48.9% of the total revenue.

Increase
of approximately
$57.5 million

Same store sales performance

We evaluate our performance in each individual 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	**2018**	**2019**
Number of same-store	17		24		**33**	
Average same-store sales	HK$4.22 million	HK$4.59 million	HK$4.63 million	HK$5.26 million	**HK$6.04 million**	**HK$6.05 million**
Average same-store sales growth rate	8.8%		13.6%		**0.2%**	

Average selling prices and volume

The average selling price of our "TenRen (天仁茗茶)" beverage products increased slightly during the year ended 31 March 2019 primarily because we raised our product prices in light of inflation and rising raw material costs and rental expenses. 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	
	2018	**2019**
Average selling price (HK$)		
Beverage products (per cup)	20.8	**21.8**
Side products (per unit) *(Note)*	27.1	**26.2**
Average daily sales volume		
Beverage products (per cup)	21,400	**26,600**
Side products (per unit) *(Note)*	1,400	**1,500**

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

INDUSTRY REVIEW

The Hong Kong economy was encountering a slow down during the year ended 31 March 2019 amid the weaker performance of the global economy, as well as the presence of some external headwinds, including the uncertainties stemming from the US trade policy, Brexit and geopolitical tensions.

According to the statistics published by the Hong Kong Census and Statistics Department, the real gross domestic product grew by 3.0% in 2018, which was slower than the growth in 2017 of 3.8%.

Retail Sector

In the retail sector, retail business operators in Hong Kong, especially the tea drinks serving retailers, continue to face the following challenges:

Fierce competition in the tea drinks serving industry

The competition within the tea drinks serving industry is increasingly fierce because of the massive number of new entrants to the market followed by the upsurge trend of the tea drinks in Hong Kong.

Given the keen competition, tea drinks operators would need to spend more effort on product offering and marketing to attract more consumers.

Pressure from rental and labour costs

The cost of operating a tea drinks 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 2019 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.

Distribution Sector

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

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 businesses.

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. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

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

For the retail business, the Group plans to strengthen the leading market position of our TenRen business by brand building, improving customer experience and product innovations. On the other hand, the Group also plans to introduce new retail brands in order to widen our brand portfolio.

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

FINANCIAL OVERVIEW

Revenue

For the year ended 31 March 2019, the Group's revenue amounted to approximately HK$519.5 million, representing an increase of approximately 14.9% from approximately HK$452.1 million for the same period in 2018. 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 16 stores, from 33 stores as at 31 March 2018 to 49 stores as at 31 March 2019. The revenue generated from the retail business increased to approximately HK$254.2 million for the year ended 31 March 2019, representing an increase of approximately HK$57.5 million (2018: approximately HK$196.7 million), which contributed approximately 48.9% of the total revenue as the result of the opening of new retail outlets during the year ended 31 March 2019.

The revenue generated from the distribution business increased to approximately HK$265.3 million for the year ended 31 March 2019, representing an increase of approximately HK$9.9 million (2018: approximately HK$255.4 million), which contributed approximately 51.1% of the total revenue. Such increase in revenue was mainly due to the increase of sales volume to local retailers in Hong Kong.

Cost of Sales

For the year ended 31 March 2019, the Group's cost of sales amounted to approximately HK$406.2 million, representing an increase of approximately 20.8% from approximately HK$336.3 million for the same period in 2018. Such increase was generally in line with the increase in revenue. As a percentage of revenue, cost of sales accounted for approximately 78.2% for the year ended 31 March 2019 (2018: approximately 74.4%).

Gross Profit and Gross Profit Margin

For the year ended 31 March 2019, the Group's gross profit amounted to approximately HK$113.3 million, representing a decrease of approximately 2.2% from approximately HK$115.8 million for the same period in 2018. The Group's gross profit margin for the year ended 31 March 2019 decreased by approximately 3.8% to approximately 21.8% as compared to approximately 25.6% in 2018. The decrease in gross profit margin was mainly due to the fierce competition in the tea drinks serving industry during the year ended 31 March 2019.

Selling and distribution expenses

For the year ended 31 March 2019, selling and distribution expenses of the Group amounted to approximately HK$47.9 million, representing an increase of approximately 25.4% from approximately HK$38.2 million for the same period in 2018. Such increase was mainly due to the increase in advertising and promotion expenses as a result of the increase in number of promotion activities and marketing events held during the year ended 31 March 2019 and the increase in rental cost of warehouses as a result of the increase in sales volume when compared to last year.

Administrative expenses

For the year ended 31 March 2019, administrative expenses of the Group amounted to HK$44.5 million, representing a decrease of approximately 13.8% from approximately HK$51.6 million for the same period in 2018. Such decrease was mainly attributable to the absence of listing expenses during the year ended 31 March 2019 (approximately HK$19.7 million of listing expenses were recognised in administrative expenses in the year ended 31 March 2018), which partially offset with 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 the year ended 31 March 2019.

Finance costs, net

For the year ended 31 March 2019, net finance costs of the Group amounted to approximately HK$2.3 million, representing a decrease of approximately 4.2% from approximately HK$2.4 million for the same period in 2018.

Income tax expenses

For the years ended 31 March 2018 and 2019, the Group recorded income tax expenses of approximately HK$7.3 million and approximately HK$2.7 million, respectively, representing an effective tax rate of approximately 32.6% and 15.3%, 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 2019 was approximately HK$13.5 million, representing a decrease of approximately 4.3% from approximately HK$14.1 million for the same period in 2018. Excluding the listing expenses of approximately HK$19.7 million incurred during the year ended 31 March 2018, the adjusted net profit for the year ended 31 March 2018 would have been approximately HK$34.9 million. The decrease in adjusted net profit for the year to approximately HK$14.7 million for the year ended 31 March 2019 was mainly attributable to (i) the intense competition of retail business, (ii) one-time loss incurred for the closure of certain unprofitable brands/outlets as well as (iii) additional headcounts, rental and compliance costs to cope with the Group's continuing business expansion. The net profit margin (calculated as the ratio of the profit for the year to the revenue) for the year ended 31 March 2019 was approximately 2.8%, as compared to approximately 3.4% for the same period in 2018. Basic earnings per share for the year ended 31 March 2019 amounted to approximately HK3.37 cents, as compared to approximately HK4.62 cents for the same period in 2018.

Capital Expenditure

During the year ended 31 March 2019, capital expenditure amounted to approximately HK$31.2 million. This amount was used mainly for the opening of new retail outlets.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Governance Practices

The Company is committed to achieving and maintaining the highest standard of corporate governance to safeguard interests of shareholders of the Company (the "Shareholders").

The Company has been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 March 2018 (the "Listing Date"). During the year ended 31 March 2019, the Company has applied the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. The corporate governance principles of the Company are to emphasis 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 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 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. 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 to ensure compliance with the code provisions of the CG Code.

Liquidity and financial resources review

The Group is financially sound with bank deposits and cash amounting to approximately HK$54.0 million as at 31 March 2019 (2018: approximately HK$118.4 million). As at 31 March 2019, the gearing ratio of the Group was approximately 44.1% (2018: approximately 66.1%), which was calculated based on total debt divided by total equity at the end of the financial year and multiplied by 100%. Debt of the Group refers to bank borrowings and balance due to related parties. As at 31 March 2019, the Group has total banking facilities of approximately HK$145.9 million (2018: approximately HK$146.8 million) of which approximately HK$73.0 million (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 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 offices, retail outlet and warehouses. The Group's operating lease commitments amounted to approximately HK$93.6 million and approximately HK$105.8 million as at 31 March 2018 and 2019, respectively.

Capital structure

The Shares were successfully listed on the Main Board of the Stock Exchange on 14 March 2018. 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 2019, the Company had 400,000,000 Shares in issue.

Capital commitments and contingent liabilities

Details of the capital commitments are set out in note 28 to the consolidated financial statements of the Group. The Group has no material contingent liabilities as at 31 March 2019.

Employees and remuneration policies

As at 31 March 2019, the Group employed a total of 805 employees (2018: 494) and the employee benefit expenses including directors' emoluments were approximately HK$98.1 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 2019, the Group did not have any significant investments, acquisitions or disposals of subsidiaries/associates and joint ventures.

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 31 March 2019, unused net proceeds from the share offer were approximately HK$26.2 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 the net proceeds from the share offer (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.

References are 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.

An analysis of the utilisation of the net proceeds from the share offer up to the period ended 31 March 2019 is set out below:

	Original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement) HK$'000	Revised allocation of IPO Proceeds (as disclosed in the 20 August 2018 Announcement) HK$'000	Utilised IPO Proceeds as at 31 March 2019 HK$'000	Unutilised IPO Proceeds as at 31 March 2019 HK$'000
Opening new shops				
– TenRen	26,200	26,200	(26,200)	–
– Jiu Tang Wu	18,000	18,000	(2,420)	15,580
– Uncle Tetsu	2,400	–	–	–
Introducing a new beverage brand	–	1,640	(1,640)	–
Upgrading the ERP system	3,600	3,600	(2,524)	1,076
Leasing of warehouse facilities	12,300	12,300	(4,048)	8,252
Expansion of sales and marketing team	2,500	2,500	(1,246)	1,254
General working capital	6,100	6,860	(6,860)	–
Total	71,100	71,100	(44,938)	26,162

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting period up to the date of this annual report.

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Chuen Andrew ("Mr. Andrew Chan"), aged 58, 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 and 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 60, 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 58, 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 57, 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. Pang Koon Kwai ("Mr. Pang"), aged 65, graduated with a bachelor degree in business administration from the University of Hawaii, College of Business in May 1978 and obtained a master degree in business administration from the Chaminade University of Honolulu in December 1979. Mr. Pang has worked in various banks and financial institutions over the years. From April 1999 to August 2009, Mr. Pang has worked in the predecessor companies and various subsidiaries of Industrial and Commercial Bank of China (Asia) group, with the last position as the chief executive officer of 華商銀行 (Chinese Mercantile Bank*) in Shenzhen, a subsidiary of Industrial and Commercial Bank of China (Asia) Limited. From February 2011 to October 2013, Mr. Pang was the chief executive officer and chairman of 捷貸小額貸款公司 (Jet Credit Small Loan Company*) in Chongqing and the chief executive officer of Nation Wide Financial Service Company Limited in Hong Kong.

Mr. See Hung Yan Peter ("Mr. See"), aged 57, 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 50, 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; (iii) YTO Express (International) Holdings Limited (stock code: 6123) since December 2017; and (iv) Tokyo Chuo Auction Holdings Limited (stock code: 1939) since September 2018.

SENIOR MANAGEMENT

Mr. Tang Kwok Hay ("Mr. Tang"), aged 33, 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. During the year ended 31 March 2019, the Company has applied the principles in 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 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 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 annual 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 annual report.

CORPORATE GOVERNANCE 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 annual 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 (resigned on 30 April 2019)	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee
Mr. Pang Koon Kwai (appointed on 30 April 2019)	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 19 to 20 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 appointments are based on merit, and candidates are considered against various objective criteria, with due regard to the benefits of diversity on the Board. Oversight of the 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.

For the year ended 31 March 2019 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 2019 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 training session 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 (resigned on 30 April 2019), Mr. Pang Koon Kwai (appointed on 30 April 2019), 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 (resigned on 30 April 2019), Mr. Pang Koon Kwai (appointed on 30 April 2019) and Mr. Chung Kwok Mo John, all being independent non-executive Directors.

To facilitate sustainable and balanced development of the Company, the nomination committee has adopted a board diversity policy (the "Board Diversity Policy"), which sets out the approach to achieve diversity of the Board. Under the Board Diversity Policy, the appointment and/or recommendation for appointment will be based on objective criteria, having due regard to the benefits of diversity on the Board, including, among others, the candidates' gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Decisions of the nomination committee are made based on the merits and contribution of the selected candidates.

The nomination committee has also adopted a nomination policy (the "Nomination Policy") which sets out the selection criterial and procedure of appointment and re-appointment of Directors.

Selection criteria for Directors

In assessing and selecting candidates for Directors, factors that the nomination committee should consider include, but not limited to, the candidate's character and integrity, professional skills and experience, and the potential contributions a candidate can bring to the Board in terms of diversity of gender, age, culture and educational background etc., whether the candidate meets the required independence criteria, whether the candidate is willing and able to devote sufficient time to fulfill the duties of being a director and a member under the Board; whether the candidate is suitable for the Company's actual situation, and other factors in relation to the Company's business model etc..

Nomination and appointment procedures for Directors

After the nomination committee receives the proposal to appoint a new Director or the nomination from a Shareholder, the nomination committee shall evaluate the candidate's eligibility to serve as a Director based on the above criteria in combination with his/her personal profile. If multiple candidates are involved, the nomination committee shall prioritize them according to the Company's needs and candidates' respective qualification. In the case of the re-appointment of a Director at the general meeting, the nomination committee shall review the overall contribution of the Directors and their services, their participation and performance within the Board, and whether such Director still meets the above criteria.

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 (resigned on 30 April 2019), Mr. Pang Koon Kwai (appointed on 30 April 2019) 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

During the year ended 31 March 2019, four full meetings were held. Minutes of the Board meetings are being kept by the company secretary of the Company and are available for inspections by the Directors.

DIRECTORS' LIABILITIES INSURANCE

For the year ended 31 March 2019, 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. For the year ended 31 March 2019, 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.

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 year ended 31 March 2019 is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**
Executive Directors					
Mr. Chan Kam Chuen Andrew	4/4	N/A	N/A	N/A	1/1
Mr. Chan Siu Cheung Stephen	4/4	N/A	N/A	N/A	1/1
Mr. Chau Wing Kong William	4/4	N/A	N/A	N/A	1/1
Ms. Tin Hau Ling Janny	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chung Kwok Mo John	4/4	2/2	2/2	2/2	1/1
Mr. Yu Ka Ho Bernard (resigned on 30 April 2019)	4/4	2/2	2/2	2/2	1/1
Mr. See Hung Yan Peter	4/4	2/2	2/2	2/2	1/1
Mr. Pang Koon Kwai (appointed on 30 April 2019)	–	–	–	–	–

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 2019. 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 57 to 61 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 2019 and non-audit services is set out below:

	Service Category Fees Paid/Payable HK$'000
Services rendered	
Audit services	1,360
Non-audit services	400
Total	1,760

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 the management has evaluated and reviewed the risk management system on an annual basis. In addition, an evaluation and review of the Group's internal control 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 during the year ended 31 March 2019.

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 2019, 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 Shareholders, and ensuring that Shareholders have clear knowledge of the 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 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, Hong Kong
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 with 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 Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is pleased to present the environmental, social and governance report (the "ESG Report") for the year ended 31 March 2019. The content of this ESG Report covers the performance and efforts towards environment, society and governance of 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 2019 ("the reporting period").

This ESG Report was approved by the Board 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. This ESG Report's contents focused on the Group's distribution and retail operations in Hong Kong which included the offices, warehouses and retail shops.

Stakeholders Engagement and Materiality Assessment

Our approach to stakeholder engagement is designed to ensure that our stakeholders' perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Group believes that the interests of all stakeholders must be taken in account in order to strengthen the relationship with our Shareholders, investors, employees, suppliers, customers, government authorities and the society as a whole.

The Group proactively engaged with the key stakeholder groups in a variety of ways to ensure effective communication of our objective and progress in relation to the following areas of concern.

Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	• Press release, Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings • Group website	• Product and Services Responsibility • Community contribution • Environmental protection • Information Disclosure & Transparency
Employees	• Trainings and Team Building Activities • Business Meetings and Briefings • Performance Appraisals	• Compensation & Benefits • Career Development and Training Opportunities • Health and Safety Work Environment
Suppliers	• Phone Calls, Conferences, Emails, Site Visit	• Supply Chain management • Product and Services Responsibility
Customers	• Customer Complaint Hotlines • Correspondences	• Quality Products and services • Privacy Protection
Public Community	• Charitable and Volunteering Activities • Community Interactions	• Corporate Social Responsibilities • Community Investment and Charitable Activities
Government and Supervisory Institutions	• Major Meeting and Policy Consultation • Information Disclosures	• Compliance Operation • Corporate Governance • Environmental Protection

During the year ended 31 March 2019, through a wide range of communication channels, we found that ESG compliance and how the Group benefits the community are the major concerns of our stakeholders. Important aspects vary from environmental emissions to product quality assurance and community involvement.

An ESG Reporting Guide Content Index are set out on pages 42 to 45 of this ESG 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 customer 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.

Environmental criteria are also taken into consideration during our procurement process. We encourage our suppliers to enhance their green practices, minimize environmental impact and exercise sound governance of supply chain management.

During the year ended 31 March 2019, 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

The Group attaches great importance to product quality. As a food and beverage distributor, the Group is committed to ensuring that we comply with the applicable laws and regulations related to product quality and food safety.

Category	Relevant laws and regulations
Food safety and product responsibility	• Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) ("PHO") • Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) ("FSO") • Imported Game, Meat, Poultry and Eggs Regulations (Chapter 132AK of the Laws of Hong Kong) • Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) • Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) • Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong)
Restaurant licensing	• PHO • Food Business Regulation (Chapter 132X of the Laws of Hong Kong) ("FBR") • Frozen Confections Regulation (Chapter 132AC of the Laws of Hong Kong) ("FCR")

The Group has set up corresponding management tools and quality assurance measures, including the formulation of operational manual and internal guideline in maintaining the products quality, food safety and health related matter, to ensure that the relevant laws and regulations are strictly pursued by our operation team and that the quality of each product meets the required standard.

In addition, a quality assurance team has been established to evaluate the food ingredients of the distributed products to ensure that none of the products contain prohibited ingredients, and the food labels provide sufficient information to the end user.

The Group places good emphasis on the quality and safety of our products. The Group has established clear guidelines for maintaining high standards of environmental hygiene. We have also established standard procedures for cleaning and have provided training to all operating staff to ensure that compliance with the Group's policies and maintenance of high standard of hygiene in the central kitchen and cooking areas of all retail outlets.

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.

Anti-corruption

The Group understands the potential risks of unethical conduct to our business and stands against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct.

To make this strong commitment within our business, the Group has established the Anti-Corruption and Whistleblowing Policy in accordance with the relevant regulatory laws and standards to promote anti-fraud principles and consistent organizational behaviours by providing guidelines, assigning responsibility for the development of controls and conduct of investigations and facilitates early detection of potential fraud that are against the interests of the Group.

Whistleblowing channel is in place for any reporting on the case of anticorruption by employees without any fear of receiving any negative impacts. The 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.

During the year ended 31 March 2019, the Group was 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 create a favourable working environment, the Group aims to build a cross-cultural workforce, develop the capabilities of its employees, identify, motivate and reward talents, and ensure the well-being and safety of all. 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 Group is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis. All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and miscellaneous types of leaves, including sick leave, annual leave, birthday leave, marriage leave and condolence leave. In addition, various leisure activities were organized during the year to enhance the staff bonding.

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 to follow without fear of reprisal or receiving any negative feedback.

Health and Safety

The Group is committed to creating a healthy and safe environment for all employees as it promotes a sustainable corporate culture.

To mitigate and contain the risks under our control, the Group encourages our employees at all levels to monitor and report any hazards or potential threats and has established a comprehensive set of policies and procedures to ensure our safety performance conforms to the highest industry standards.

The Group also provides adequate training for all new employees to ensure that they are well trained and understand the work procedures and equipment used. The training contents include but not limited to the workplace safety, procedures of using the operational machineries and fire safety. The Group regularly monitors all equipment, including sanitary equipment, ventilation equipment and cleaning equipment, in order to maintain high safety standards and good functional conditions. The Group also ensures that first-aid kits and fire-fighting equipment are present and placed in the appropriate locations within the retail outlets.

We are also working to reduce the risk of work-related injuries. We have established an internal reporting system that requires employees to report each injury to the supervisor to reduce the risk of recurrence of similar accidents.

During the year ended 31 March 2019, the Group was not aware of any violations of Hong Kong health and safety laws and regulations.

Development and Training

Our employees are provided with continuous and effective training which promote knowledge acquisition and knowledge transfer. We believe that the development of our employees is one of the keys to our business success. In order to maintain the highest standards of our products and services, all employees will receive on-the-job training from their supervisors.

To maintain a competitive edge, the Group also encourages our employees to participate in work-related training courses organized by various professional bodies and government agencies. During the year ended 31 March 2019, 10 of our employees have enrolled or participated in the Hygiene Supervisor Training Courses offered by the Food and Environmental Hygiene Department which assisted the Group, as a food business operator, in meeting the requirements of the Hygiene Manager (HM) and Hygiene Supervisor (HS) Scheme.

The Group regularly evaluates the training objectives, training arrangements, training content according to the business needs and make changes when necessary. The results of the training and the performance of each individual will also be assessed regularly to ensure that all employees benefit from the training.

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 year ended 31 March 2019, the Group was not aware of any non compliance issue on the labour standards.

COMMUNITY

Recognizing our responsibility to the community, we are committed to providing available resources to support the community and encouraging employees to participate in various charitable and voluntary activities.

We actively advocate employees to participate in charitable events, to arouse attention to the community and to drive further participation in community services.

The Group will continue to uphold the principles of accountability to Shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.

ENVIRONMENT

The Group pursues to utilize energy efficiently and as the major means to reduce our greenhouse gas ("GHG") emission. In order to continuously improve our energy performance and lower our carbon footprint, monitoring our energy usage is crucial. We always look for possible energy-saving opportunities, especially on choosing environmental friendly materials and facilities.

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.

Gasoline 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 outlets 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 third 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 outlets location if possible and hence improve the operational efficiency and also mitigate the air pollution from the logistic arrangement.

During the year ended 31 March 2019, the Group has further strengthened the monitoring procedure on the gasoline consumption and collect the diesel consumption of our outsourced logistic services provider and disclosed in the Scope 1 of greenhouse gas emission area.

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's 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 usage.

The overall increase in energy and water consumption in the current reporting year was mainly due to the business expansion.

The Group will continue to assess and record its greenhouse gas emissions and other environmental data annually and compare it with last year's data to assist the Group in further developing emission reduction targets in the future.

Packaging materials usage

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

The Group constantly endeavours to adopt and invest in efficient and value-adding technologies and processes which can improve the utilisation of packaging materials. During the year, the Group has taken a number of measures to reduce the use of packaging materials for finished goods, including but not limited to the below:

1. In response to the no straw campaign, the Group has encouraged its customers to go plastic-and-disposable-free and serve drinks with reusable "TenRen Folding Cup (天仁茗茶摺疊隨行杯)"; and

2. Participate in the bring your own mugs or tumblers campaign and offer a one-dollar discount per purchase for customers who bring their own cups at the time of purchase of drinks.

The increase in total amount of packaging materials used is mainly due to the increased operational demand resulting from business expansion while the total packaging materials consumption per floor is showing improvements.

Wastage management

An essential part of minimizing impacts on the environment is proper waste management. To achieve this objective, we have set up a monitoring function for effective waste management and to ensure compliance with relevant laws and regulations.

Given the nature of our business, the major types of waste produced from our production processes are food waste and waste oil from cooking. We ensure that we aim to reduce wastage 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 outlets. The Group considers general waste and food waste are minimal for our current operation. The Group will consider to maintain the wastage data if there are any changes 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.

For office general wastage management, the Group utilizes 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

Apart from saving energy in our operation process, we have broadened the idea to the offices and our employees. Employees are also given guidelines reminding them to turn off office equipment and facilities when not in use.

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 restaurants.

Electricity and water usage management

- All employees should turn off the water tap when it is not in use.
- All employees 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 outlets 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 optimize 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 maximize benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

Performance Summary

Emissions Indicators

Indicators	2019	2018	Percentage Increase (+) or Decrease (-)
Total GHG emissions (tonnes)	**2,850.78**	2,255.02	+26%
Total GHG emissions per floor area (tonnes/square feet)	**0.03**	0.03	–
Total GHG emissions per employee (tonnes/employee)	**4.15**	4.78	-13%
Indirect emissions (tonnes)			
• Scope 1 – Energy direct emissions	**97.40**	–	–
• Scope 2 – Energy indirect emissions	**1,668.32**	1,283.82	+30%
• Scope 3 – Other indirect emissions	**1,085.07**	971.20	+12%

Energy consumption

Indicators	2019	2018	Percentage Increase (+) or Decrease (-)
Total energy consumption (KWh)	**3,259,213.70**	2,248,894.78	+45%
Total energy consumption per floor area (KWh/square feet)	**36.65**	31.30	+17%
Total energy consumption per employee (KWh/employee)	**4,744.12**	4,764.61	-0.4%
Direct energy consumption (KWh)			
• Diesel	**366,171.02**	–	–
Indirect energy consumption (KWh)			
• Purchased electricity	**2,893,042.67**	2,248,894.78	+29%

Packaging material consumption

Indicators	2019	2018	Percentage Increase (+) or Decrease (-)
Total consumption (tonnes)	**188.10**	173.01	+9%
• Paper	**125.81**	104.17	+21%
• Plastic	**62.29**	68.49	-9%
• Fabric	**–**	0.35	–
Total packaging material consumption per floor area (tonnes/square feet)	**0.0017**	0.0023	-26%
Total packaging material consumption per employee (tonnes/employee)	**0.27**	0.22	+23%

Water consumption

Indicators	2019	2018	Percentage Increase (+) or Decrease (-)
Total water consumption (m^3)	**151,827.48**	71,268.66	+113%
Total water consumption per floor area (m^3/square feet)	**1.69**	1.00	+69%
Total water consumption per employee (m^3/employee)	**221.20**	150.99	+46%

1. The 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 Environment Protection Department'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.

3. During the reporting period, the Group strengthened its monitoring of energy and fuel consumption and the associated emissions from transported goods or from the vehicular used. Since April 2018, a new monitoring mechanism has been set up for the collection of diesel consumption data, including data from our outsourced logistics service providers.

ESG Reporting Guide Content Index

Aspects, General disclosures and KPI	Description	2019 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 32
KPI A1.1	The types of emissions and respective emissions data	This report – Environment, page 32 This report – Performance summary, page 36
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	This report – Environment, page 32 This report – Performance summary, page 36
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 33
KPI A1.5	Description of measures to mitigate emissions and results achieved	This report – Environment, page 33
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	This report – Environment, page 35

Aspects, General disclosures and KPI	Description	2019 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 33
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	This report – Environment, page 33 This report – Performance summary, page 36
KPI A2.2	Water consumption in total and intensity	This report – Environment, page 33 This report – Performance summary, page 37
KPI A2.3	Description of energy use efficiency initiatives and results achieved	This report – Environment, page 33
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, page 33
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	This report – Environment, page 34 This report – Performance summary, page 37
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 35
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 32–35

Aspects, General disclosures and KPI	Description	2019 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, pages 30–31
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, page 31
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, pages 31–32
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, pages 32

Aspects, General disclosures and KPI	Description	2019 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 28
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, page 29
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 30
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 32

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 2019.

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 2019 are set out in the consolidated statement of comprehensive income on page 58 of this report.

Dividends paid during the year ended 31 March 2019 were HK$16,000,000 (HK4 cents per ordinary share).

A final dividend in respect of the year ended 31 March 2019 of HK2 cents per ordinary share, totalling HK$8,000,000, was proposed by the Board on 24 June 2019 which is subject to the approval of Shareholders at the forthcoming AGM.

DIVIDEND POLICY

Our Company has adopted a dividend policy on 24 June 2019 (the "Divided Policy") that, in recommending or declaring dividends, our Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its Shareholders' value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any recommendation of final dividend for a financial year will be subject to Shareholders' approval.

In proposing any dividend payout, the Board shall also take into account, among other things, our Group's financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of the Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant from time to time. Any payment of the dividend by our Company is also subject to any restrictions under applicable laws and regulations and the Company's constitutional documents.

The Board will review the Dividend Policy on a regular basis.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of our Company on Monday, 2 September 2019 are entitled to attend and vote at the AGM of our Company. The register of members of our Company will be closed from Wednesday, 28 August 2019 to Monday, 2 September 2019, 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 our 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, 27 August 2019.

For determining the entitlement to the proposed final dividend for the year ended 31 March 2019 (subject to the approval of the Shareholders of our Company at the AGM), the register of members of our Company will be closed from Monday, 9 September 2019 to Wednesday, 11 September 2019 (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 our 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, 6 September 2019.

BUSINESS REVIEW

A review of the business of our Group during year ended 31 March 2019 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 7 to 8 and pages 10 to 18 of this annual report respectively. An analysis of our Group's performance during year ended 31 March 2019 using financial key performance indicators is set out in "Management Discussion and Analysis" on pages 10 to 18 of this annual report. In addition, the Group's environmental policies and performance is set out in the "Environmental, Social and Governance Report" on pages 30 to 45 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of our Company are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of our Group and our Company during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity and note 23 and note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the reserves of our Company available for distribution to the Shareholders of our Company amounted to approximately HK$160.3 million (2018: HK$172.0 million).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under our 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 our Group is set out on page 128 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SHARE OPTION SCHEME

Our Company has adopted a share option scheme (the "Share Option Scheme") on 12 February 2018. As at the date of this annual 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 our 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 2019, 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 2019.

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 our Company's principal subsidiaries as of 31 March 2019 are set out in note 16 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2019, our five largest customer accounted for 31.6% of our total revenue, of which 22.4% of our total revenue was generated from our largest customer. During the year ended 31 March 2019, our five largest suppliers accounted for 57.0% of our total purchases of which 22.1% 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 our Company's issued share capital, had any interest in any of our Group's five largest customers or suppliers during the year ended 31 March 2019.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this annual report are as follows:

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	(resigned on 30 April 2019)
Mr. Pang Koon Kwai	(appointed on 30 April 2019)
Mr. See Hung Yan Peter	
Mr. Chung Kwok Mo John	

On 30 April 2019, Mr. Yu Ka Ho Bernard resigned as an independent non-executive Director due to his other personal and work commitments, whereas Mr. Pang Koon Kwal was appointed as a new independent non-executive Director.

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 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 19 to 21 of this annual report.

DIRECTORS' SERVICE CONTRACTS/LETTERS OF APPOINTMENT

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 annual report, our 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 our 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 2019, the interests and short positions of the Directors and the chief executive of our 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 our 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 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 2019, none of the Directors nor chief executive of our Company had any interests or short positions in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to our 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 2019, so far as the Directors are aware, the following persons (other than the Directors or chief executive of our Company), either directly or indirectly, had interests or short positions in the Shares or underlying Shares of our 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 2019, the Directors had not been notified of any other corporation or individual (other than the Directors or chief executive of our 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 annual report, at no time during the year ended 31 March 2019 were rights to acquire benefits by means of the acquisition of shares in or debentures of our Company granted to any Director or their respective associates nor was our 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 our 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 2019 or at any time during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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 year ended 31 March 2019, the aggregate rental expenses (together with the aggregate service charges and other outgoings) paid by our Group was approximately HK$7,607,000, which did not exceed the annual cap of HK$7,806,000 for the year ended 31 March 2019.

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 30 to the consolidated financial statements.

Provision of Logistic Services

During the year ended 31 March 2019, Bo Shing Logistic Limited ("Bo Shing") provided 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 year ended 31 March 2019, the aggregate service fee paid by the Group to Bo Shing was approximately HK$12,854,000, which did not exceed the annual cap of HK$16,000,000 for the year ended 31 March 2019.

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 2019 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 2019 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 the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 March 2019.

RELATED PARTY TRANSACTIONS

Details of related party transactions undertaken in the normal course of business of the Group are provided under note 30 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 annual 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 32 to the consolidated financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Subsequent to the publication of the 2018 annual report and in addition to (i) the resignation of Mr. Yu Ka Ho Bernard as an independent non-executive Director; and (ii) the appointment of Mr. Pang Koon Kwan as an independent non-executive Director, 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. Chung Kwok Mo John, an independent non-executive Director, has been serving as an independent non-executive Director of Tokyo Chuo Auction Holdings Limited, a company listed on the Stock Exchange (stock code: 1939) since September 2018.

Save for the changes mentioned above, there is no change in the information of the Directors for the year ended 31 March 2019.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules for the year ended 31 March 2019 up to the date of this annual report.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2019, 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, 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 2019.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 22 to 29 of this annual 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 18 of this annual 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, 2 September 2019 to reappoint 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, 24 June 2019

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 62 to 127, which comprise:

- the consolidated statement of financial position as at 31 March 2019;
- 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 2019, 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 2.21 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 2019. The Group recognised revenue from sales of goods amounting to HK$519 million for the year ended 31 March 2019, of which HK$265 million were contributed from distribution segment and HK$254 million were contributed from retail segment. Revenue from distribution segment is recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over sales of the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Revenue from retail segment is recognised at the point of sale to customers. 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, 24 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019 HK$'000**	2018 HK$'000
Revenue	6	**519,488**	452,125
Cost of sales	9	**(406,200)**	(336,300)
Gross profit		**113,288**	115,825
Other gains/(losses), net	7	**(1,396)**	(1,466)
Other income	8	**183**	315
Selling and distribution expenses	9	**(47,871)**	(38,224)
Administrative expenses	9	**(44,544)**	(51,599)
Operating profit		**19,660**	24,851
Finance income	11	**1,023**	108
Finance costs	11	**(3,354)**	(2,467)
Finance costs, net	11	**(2,331)**	(2,359)
Profit before income tax		**17,329**	22,492
Income tax expense	12	**(2,651)**	(7,329)
Profit and total comprehensive income for the year		**14,678**	15,163
Profit and total comprehensive income attributable to:			
Owners of the Company		**13,466**	14,085
Non-controlling interest		**1,212**	1,078
		14,678	15,163
Earnings per share for profit attributable to owners of the Company during the year (expressed in HK cents per share)			
– basic and diluted	13	**3.37**	4.62

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 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	34,353	20,611
Deferred income tax assets	21	1,810	1,017
Deposits and other assets	18	13,735	9,767
		49,898	31,395
Current assets			
Inventories	17	29,036	24,456
Trade receivables	19	66,493	73,385
Deposits, prepayments and other receivables	18	10,992	8,385
Restricted cash	20	42,000	22,500
Short-term bank deposits	20	2,647	–
Cash and cash equivalents	20	51,315	118,402
		202,483	247,128
Total assets		252,381	278,523
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	4,000	4,000
Reserves	23	79,794	79,794
Retained earnings	23	55,098	57,632
		138,892	141,426
Non-controlling interest	16	5,840	5,853
Total equity		144,732	147,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Current liabilities			
Trade and other payables	*24*	**40,664**	31,618
Income tax payables		**3,088**	2,272
Amounts due to related parties	*30*	**–**	8,209
Bank borrowings	*25*	**63,897**	89,145
		107,649	131,244
Total liabilities		**107,649**	131,244
Total equity and liabilities		**252,381**	278,523

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

The consolidated financial statements on pages 62 to 127 were approved by the Board of Directors on 24 June 2019 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 2019

	Note	Share capital HK$'000 (Note 22)	Reserves and retained earnings HK$'000 (Note 23)	Non-controlling interest HK$'000 (Note 16)	Total HK$'000
		Attributable to owners of the Company			
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
Balance at 1 April 2018		**4,000**	**137,426**	**5,853**	**147,279**
Profit and total comprehensive income for the year		**–**	**13,466**	**1,212**	**14,678**
Transaction with owners in their capacity as owners:					
Dividends	*14*	**–**	**(16,000)**	**(1,225)**	**(17,225)**
Balance at 31 March 2019		**4,000**	**134,892**	**5,840**	**144,732**

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 2019

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash generated from operations	*26(a)*	**42,585**	28,263
Income tax paid		**(3,425)**	(8,574)
Net cash generated from operating activities		**39,160**	19,689
Cash flows from investing activities			
Purchase of property, plant and equipment		**(30,920)**	(17,077)
Purchase of key management life insurance contracts		**(429)**	(3,593)
Proceeds from disposals of property, plant and equipment		**291**	–
Proceeds from sales of financial assets at fair value through profit or loss		**–**	6,210
Interest received		**1,023**	108
Change in short-term bank deposits		**(2,647)**	–
Change in restricted cash		**(19,500)**	(22,500)
Net cash used in investing activities		**(52,182)**	(36,852)
Cash flows from financing activities			
Proceeds from bank borrowings		**140,507**	158,555
Repayments of bank borrowings		**(165,784)**	(102,856)
Issuance of shares		**–**	100,000
Net repayments of obligation under hire purchase contracts		**–**	(165)
Amounts due to related parties		**(8,209)**	(42,422)
Payment for professional fee in connection with IPO		**–**	(12,557)
Payment of dividend		**(16,000)**	–
Payment of dividend to non-controlling interest		**(1,225)**	–
Interest paid		**(3,354)**	(2,467)
Net cash (used in)/generated from financing activities		**(54,065)**	98,088
Net (decrease)/increase in cash and cash equivalents		**(67,087)**	80,925
Cash and cash equivalents at beginning of the year		**118,402**	37,477
Cash and cash equivalents at end of the year	*20*	**51,315**	118,402

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

1 GENERAL INFORMATION

B & S International Holdings Ltd. (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 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.

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 judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1(a) New and amended standards to existing standards adopted by the Group

The following new standards and 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 consolidated financial statements.

Amendments to HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
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	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC) – Int 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 2.2 below.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1(b) New standards, amendments to standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations 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 Annual Improvement Projects	Annual improvements 2015–2017 cycle	1 April 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 April 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 April 2019
Amendments to HKFRS 9	Prepayments features with negative compensation	1 April 2019
HKFRS 16	Leases	1 April 2019
HK(IFRIC) – Int 23	Uncertainty over income tax treatments	1 April 2019
Amendments to HKFRS 3 (Revised)	Definition of a business	1 April 2020
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 April 2020
HKFRS 17	Insurance contracts	1 April 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

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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1(b) New standards, amendments to standards and interpretations not yet adopted *(Continued)*

HKFRS 16 "Leases"

Nature of change

HKFRS 16 will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has reviewed all of the Group's leasing arrangements in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of HK$105,825,000 (see Note 28). Of these commitments, approximately HK$3,862,000 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately HK$93,944,000 and lease liabilities of approximately HK$96,291,000 on 1 April 2019. In addition, the application of new requirements may result in changes in presentation and disclosure as indicated above.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured at its carrying amount as if HKFRS 16 had been applied since the commencement date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes 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 financial statements.

2.2(a) Impact on the consolidated financial statements

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and adjustments are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the opening consolidated statement of financial position on 1 April 2018.

2.2(b) HKFRS 9 "Financial Instruments"

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.

The adoption of HKFRS 9 "Financial Instruments" from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.8 below. In accordance with the transitional provisions in HKFRS 9, comparative fugues have not been restated.

(i) Classification and measurement

The Group's management has assessed which business model apply to the financial assets held by the Group and has classified its financial instruments into 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.

(ii) Impairment of financial assets

The Group has three types of financial assets at amortised cost which are subject to HKFRS 9's new expected credit loss model:

- Trade receivables
- Other receivables
- Restricted cash, short-term bank deposits and cash and cash equivalents

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies *(Continued)*

2.2(b) HKFRS 9 "Financial Instruments" *(Continued)*

(ii) Impairment of financial assets *(Continued)*

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 restricted cash, short-term bank deposits and 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.

For other receivables, management considered that its credit risk has not increased significantly since its initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is immaterial.

2.2(c) HKFRS 15 "Revenue from Contracts with Customers"

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 Business and Retail Business. Revenue from Distribution Business is recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specified location and the risks of obsolescence and loss have been transferred to the customer. Revenue from Retail Business is recognised at the point of sales to customers.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

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.

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 re-measured, 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)*

2.3 Principles of consolidation and equity accounting *(Continued)*

(a) Subsidiaries *(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.

Transaction 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.

(b) 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 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.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated 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 Hong Kong dollars ("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 gains/(losses), net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 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 2.7).

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

2.7 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets

(a) Classification

From 1 April 2018, the Group classifies its financial assets in those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortised cost.

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) 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. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments 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" together with foreign exchange gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

(d) Impairment

From 1 April 2018, the Group applies the simplified approach permitted by HKFRS 9 for trade receivables and general approach for other financial assets. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

(e) Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 March 2018, the Group classifies its financial assets as loans and receivables. The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

(i) Subsequent measurement

The measurement at initial recognition did not change on adoption of HKFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables was subsequently carried at amortised cost using the effective interest method.

(ii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

(e) Accounting policies applied until 31 March 2018 *(Continued)*

(ii) Impairment *(Continued)*

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was recognised in profit or loss.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement 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.

2.10 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.

2.11 Trade receivables

Trade receivables are amounts due from customers for the merchandise sold in the ordinary course of business. If collection of trade 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 receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 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.

2.13 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.

2.14 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.

2.15 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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.

2.16 Borrowing costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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 tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for 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 substantially enacted by the balance sheet 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Current and deferred tax is recognised in profit or loss, 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.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 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)*

2.19 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.

2.20 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 2.6).

2.21 Revenue recognition

Accounting policies applied from 1 April 2018

(a) Distribution business

Sales of foods and beverage products are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer.

(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)*

2.21 Revenue recognition *(Continued)*

Accounting policies applied until 31 March 2018

(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.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 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.

2.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.26 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.

(a) Market risk

(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 HK$ 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 2019 would have been HK$313,000 higher/lower (2018: HK$529,000 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 2019 would have been HK$254,000 higher/lower (2018: HK$96,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of TWD-denominated trade and other payables.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(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 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 25.

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 2019 would have been HK$267,000 lower/higher (2018: HK$372,000 lower/higher), mainly as a result of higher/lower interest expenses on floating rate bank borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits, other receivables and other assets, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with investment grade credit rating are accepted.

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.

For the distribution business, the Group's credit risk is concentrated on a number of long established customers. As at 31 March 2019, trade receivables from the five major customers accounted for approximately 66% (2018: approximately 69%) of the Group's total trade receivables.

Sales to retail customers are required to be settled in cash or using electronic payment means of, mitigating credit risk. There are no significant concentrations of credit risk. The Group is not exposed to major credit risk with respect to its retail business.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets

The trade receivables, deposits and other receivables and cash and cash equivalent of the Group are subject to the expected credit loss model.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the invoice date.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

According to above mentioned consideration, the Group does not expect any significant default possibility and loss allowance of trade receivables are immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indication that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

(c) 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)*

(c) 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 2019				
Trade and other payables	**–**	**40,664**	**–**	**40,664**
Bank borrowings	**63,897**	**–**	**–**	**63,897**
	63,897	**40,664**	**–**	**104,561**
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

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.

	2019	2018
	HK$'000	HK$'000
Within 1 year	**58,743**	60,804
Between 1 and 2 years	**6,294**	19,625
Between 2 and 5 years	**–**	12,588
	65,037	93,017

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

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.

3.2 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.

	2019 **HK$'000**	2018 HK$'000
Bank borrowings	**63,897**	89,145
Amounts due to related parties	**–**	8,209
Total debts	**63,897**	97,354
Total equity	**144,732**	147,279
Total capital	**208,629**	244,633
Gearing ratio	**31%**	40%

Decrease in gearing ratio was mainly due to repayment of bank borrowings during the year.

3.3 Fair value estimation

The Company has no significant financial instruments other than trade receivables, deposits, other receivables, other assets, cash and cash equivalents, trade and trade and other payables, amounts due to related parties and bank borrowings. The carrying amounts of these balances approximate their fair values due to their short maturities.

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) 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.

(c) 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 historical repayment history and credit rating of its customers and the current and forward-looking market condition, and requires the use of judgements and estimates. Management reassesses the provision at each reporting date.

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 sales and operating profits of the Group are derived in Hong Kong and all operating assets of the Group are located in Hong Kong.

5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2019 and 2018 is as follows:

	For the year ended 31 March 2019		
	Distribution Business HK$'000	Retail Business HK$'000	Total HK$'000
Segment revenue	265,326	254,162	519,488
Segment results	46,567	16,493	63,060
Unallocated expenses			(42,187)
Other gains/(losses), net			(1,396)
Other income			183
Finance costs, net			(2,331)
Profit before income tax			17,329
Income tax expense			(2,651)
Profit for the year			14,678
Segment items included:			
Depreciation	1,233	14,499	15,732

5 SEGMENT INFORMATION *(Continued)*

	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 gains/(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	1,389	8,176	9,565

5 SEGMENT INFORMATION *(Continued)*

The segment assets as at 31 March 2019 and 2018 and the reconciliation to the total assets are as follows:

	As at 31 March 2019		
	Distribution Business HK$'000	**Retail Business HK$'000**	**Total HK$'000**
Total segment assets	**87,339**	**64,715**	**152,054**
Total segment assets include:			
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**5,868**	**25,317**	**31,185**

	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

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

	2019 HK$'000	2018 HK$'000
Total segment assets	**152,054**	134,081
Unallocated:		
Deferred income tax assets	**1,810**	1,017
Key management life insurance contracts	**2,555**	2,273
Amount due from a related party	**–**	250
Restricted cash	**42,000**	22,500
Short-term bank deposits	**2,647**	–
Cash and cash equivalents	**51,315**	118,402
Total assets	**252,381**	278,523

5 SEGMENT INFORMATION *(Continued)*

The segment liabilities as at 31 March 2019 and 2018 and the reconciliation to the total liabilities are as follows:

	As at 31 March 2019		
	Distribution Business HK$'000	**Retail Business HK$'000**	**Total HK$'000**
Total segment liabilities	**55,602**	**20,834**	**76,436**

	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

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

	2019 HK$'000	2018 HK$'000
Total segment liabilities	**76,436**	65,507
Unallocated:		
Other payables	**1,875**	3,504
Income tax payables	**3,088**	2,272
Amounts due to related parties	**–**	8,209
Bank borrowings	**26,250**	51,752
Total liabilities	**107,649**	131,244

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:

	2019 HK$'000	2018 HK$'000
Sales of goods	265,326	255,432
Catering services	254,162	196,693
	519,488	452,125

For the year ended 31 March 2019, customer A from Distribution Business accounted for approximately 22% (2018: approximately 23%) 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 2019 and 2018.

7 OTHER GAINS/(LOSSES), NET

	2019 HK$'000	2018 HK$'000
Fair value gain on financial assets at fair value through profit or loss	–	688
Change in cash surrender value of key management life insurance contracts	(147)	(478)
Loss on disposal of property, plant and equipment	(758)	–
Exchange loss	(491)	(1,676)
	(1,396)	(1,466)

8 OTHER INCOME

	2019 HK$'000	2018 HK$'000
Rental income	–	85
Sundry income	183	230
	183	315

9 EXPENSES BY NATURE

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

	2019 HK$'000	2018 HK$'000
Cost of inventories sold	**244,125**	221,813
Depreciation of property, plant and equipment *(Note 15)*	**15,732**	9,565
Employee benefit expenses *(Note 10)*	**98,118**	70,110
Operating lease rentals in respect of rented premises *(Note)*	**61,455**	46,173
Utilities expenses	**14,076**	10,046
Transportation and logistic service expenses	**15,685**	14,341
Freight charges	**6,341**	5,315
Advertising and promotion expenses	**19,633**	15,938
Auditor's remuneration		
– Audit services	**1,360**	1,912
– Non-audit services	**400**	200
Franchise fee	**4,642**	3,065
Travelling expenses	**1,550**	1,379
Write off of impaired trade receivables *(Note 19)*	**–**	86
Impairment loss on trade receivables *(Note 19)*	**139**	–
Impairment on property, plant and equipment *(Note 15)*	**662**	–
Provision for slow moving and obsolete inventories	**497**	–
Listing expenses	**–**	19,655
Legal and professional fees	**5,827**	255
Others	**8,373**	6,270
	498,615	426,123
Representing:		
Cost of sales	**406,200**	336,300
Selling and distribution expenses	**47,871**	38,224
Administrative expenses	**44,544**	51,599
	498,615	426,123

Note: The operating lease rentals includes contingent rentals of HK$7,198,000 for the year ended 31 March 2019 (2018: HK$6,834,000) in respect of the Group's catering business.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

Employee benefit expenses are as follows:

	2019 HK$'000	2018 HK$'000
Wages, salaries, bonuses and allowances	**93,112**	65,829
Pension costs – defined contribution plans	**4,018**	3,059
Staff welfare and benefits	**988**	1,222
	98,118	70,110

Contributions totalling approximately HK$797,000 (2018: HK$762,000) are payable to the Mandatory Provident Fund as at 31 March 2019.

(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 32 during the year ended 31 March 2019 (2018: one). The emoluments payable to the remaining four individuals (2018: four) are as follows:

	2019 HK$'000	2018 HK$'000
Wages, salaries, bonuses and allowances	**3,832**	2,806
Pension costs – defined contribution plans	**72**	69
Staff welfare and benefits	**–**	1
	3,904	2,876

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
HK$Nil to HK$1,000,000	**2**	4
HK$1,000,001 to HK$1,500,000	**2**	–

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

11 FINANCE COSTS, NET

	2019 HK$'000	2018 HK$'000
Finance income		
– Bank interest income	**1,023**	108
Finance costs		
– Interest expense on bank borrowings	**(3,354)**	(2,464)
– Interest expense on hire purchase contracts	**–**	(3)
	(3,354)	(2,467)
Finance costs, net	**(2,331)**	(2,359)

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 2019 (2018: 16.5%).

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

	2019 HK$'000	2018 HK$'000
Current income tax	**3,444**	7,273
Deferred income tax *(Note 21)*	**(793)**	56
	2,651	7,329

12 INCOME TAX EXPENSE *(Continued)*

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:

	2019 HK$'000	2018 HK$'000
Profit before income tax	**17,329**	22,492
Calculated at a taxation rate of 16.5% (2018: 16.5%)	**2,707**	3,711
Income not subject to tax	**(95)**	(162)
Expenses not deductible for taxation purposes	**119**	3,900
Tax concession	**(80)**	(120)
	2,651	7,329

13 EARNINGS PER SHARE

(a) Basic earnings per share

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.

	2019	2018
Profit attributable to owners of the Company (HK$'000)	**13,466**	14,085
Weighted average number of ordinary shares in issue (thousands)	**400,000**	304,932
Basic earnings per share (HK cents)	**3.37**	4.62

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 22 had been effective from 1 April 2017.

(b) Diluted earnings per share

For the years ended 31 March 2019 and 2018, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

14 DIVIDENDS

	2019 HK$'000	2018 HK$'000
2018 special dividend paid	–	15,000
Interim dividend, paid of HK1 cent (2018: Nil) per ordinary share	4,000	–
Final dividend, proposed of HK2 cents (2018: HK3 cents) per ordinary share	8,000	12,000

On 14 February 2018, the Company declared a special dividend, totalling HK$15 million, to the then shareholders of the Group. 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 respective shareholders' accounts.

Dividends paid during the year ended 31 March 2019 were HK$16,000,000 (HK4 cents per ordinary share).

A final dividend in respect of the year ended 31 March 2019 of HK2 cents per ordinary share, totalling HK$8,000,000, was proposed by the Board on 24 June 2019 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 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
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
Year ended 31 March 2019						
Opening net book amount	15,117	3,114	668	1,608	104	20,611
Additions	21,024	4,757	745	3,985	674	31,185
Disposals and write-off	(799)	(181)	(11)	(58)	–	(1,049)
Depreciation *(Note 9)*	(11,795)	(2,238)	(249)	(1,261)	(189)	(15,732)
Impairment *(Note 9)*	(592)	(65)	–	(5)	–	(662)
Closing net book amount	22,955	5,387	1,153	4,269	589	34,353
At 31 March 2019						
Cost	52,667	10,717	1,576	6,488	1,788	73,236
Accumulated depreciation and impairment	(29,712)	(5,330)	(423)	(2,219)	(1,199)	(38,883)
Net book amount	22,955	5,387	1,153	4,269	589	34,353

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	2019 **HK$'000**	2018 HK$'000
Cost of sales	**14,499**	8,176
Selling and distribution expenses	**549**	538
Administrative expenses	**684**	851
	15,732	9,565

16 SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 March 2019 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, 1 March 2004	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, 22 August 1996	3 ordinary shares of HK$1 each	100%	Distribution of foods and beverage products and provision of catering services

16 SUBSIDIARIES *(Continued)*

(a) Material non-controlling interest

As at 31 March 2019, the Group's non-controlling interest amounting to approximately HK$5,840,000 (2018: HK$5,853,000), 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.

	2019 **HK$'000**	2018 HK$'000
Summarised statement of financial position		
Non-current assets	**47**	12
Current assets	**16,839**	18,321
Current liabilities	**(4,968)**	(6,389)
Net assets	**11,918**	11,944
Summarised statement of comprehensive income		
Revenue	**77,821**	68,329
Profit and total comprehensive income for the year	**2,474**	2,200
Total comprehensive income allocated to non-controlling interest	**1,212**	1,078
Dividend paid to non-controlling interest	**1,225**	–
Summarised statement of cash flows		
Net cash generated from operating activities	**2,520**	1,379
Net cash used in investing activities	**(15)**	(14)
Net cash used in financing activities	**(4,311)**	(2,203)
Net decrease in cash and cash equivalents	**(1,806)**	(838)

The information above is before inter-company eliminations.

17 INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**8,011**	5,868
Finished goods	**21,025**	18,588
	29,036	24,456

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$244,125,000 (2018: HK$221,813,000).

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Non-current		
Rental deposits	**10,796**	7,419
Deposits for the purchase of property, plant and equipment	**384**	75
Key management life insurance contracts *(Note)*	**2,555**	2,273
	13,735	9,767
Current		
Prepayments	**4,793**	3,467
Rental and other deposits	**5,248**	3,987
Other receivables	**138**	604
Amount due from related parties *(Note 30)*	**–**	311
Income tax recoverable	**813**	16
	10,992	8,385
	24,727	18,152

Note: The carrying value of the key management life insurance contracts represented the cash surrender value of the insurance contracts. These insurance contracts are denominated in USD and HK$.

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

The movements of the insurance contracts were as follows:

	2019 HK$'000	2018 HK$'000
Beginning of year	2,273	9,972
Premium paid	429	3,593
Transfer to the Controlling Shareholders *(Note 14)*	–	(10,814)
Change in cash surrender value of key management life insurance contracts *(Note 7)*	(147)	(478)
End of year	2,555	2,273

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

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	22,959	16,169
United States dollar	451	914
Taiwan New dollar	667	890
Renminbi	628	99
Vietnam Dong	22	35
Japanese yen	–	44
Euro	–	1
	24,727	18,152

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

19 TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables		
– third parties	65,711	72,923
– related parties *(Note 30)*	782	462
	66,493	73,385
Less: allowance	–	–
	66,493	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 of the Distribution Business.

As at 31 March 2019 and 2018, the ageing analysis of the trade receivables based on invoice date was as follows:

	2019 HK$'000	2018 HK$'000
0 – 30 days	24,537	27,931
31 – 60 days	16,296	18,321
61 – 90 days	15,523	16,220
91 – 180 days	9,848	10,438
Over 180 days	289	475
	66,493	73,385

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is no significant impact of loss allowance on 1 April 2018 for trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

During the year ended 31 March 2019, trade receivables of HK$139,000 (2018: HK$86,000) were written off.

The trade receivables from the five major customers accounted for approximately 66% of the total trade receivables as at 31 March 2019 (2018: 69%).

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.

20 CASH AND CASH EQUIVALENTS, SHORT-TERM BANK DEPOSITS AND RESTRICTED CASH

(a) Cash and cash equivalents and short-term bank deposits

	2019 HK$'000	2018 HK$'000
Cash at banks	49,542	117,707
Cash on hand	1,773	695
Cash and cash equivalents	51,315	118,402
Short-term bank deposits	2,647	–
	53,962	118,402

Cash and cash equivalents and short-term bank deposits are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	53,625	118,346
United States dollar	301	17
Renminbi	28	30
Japanese yen	8	9
	53,962	118,402

(b) Restricted cash

As at 31 March 2019, the Group had restricted deposits of HK$42,000,000 held at banks as securities for certain banking facilities (2018: HK$22,500,000).

The Group's deposits are denominated in HK$ with the effective interest rate of 1.45% (2018: 1.30%).

21 DEFERRED INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Deferred income tax assets to be recovered after more than 12 months	1,810	1,017

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

	Decelerated tax depreciation HK$'000	Provisions HK$'000	Total HK$'000
At 31 March 2017	1,073	–	1,073
Charged to the consolidated statement of comprehensive income *(Note 12)*	(56)	–	(56)
At 31 March 2018	1,017	–	1,017
Credited to the consolidated statement of comprehensive income *(Note 12)*	570	223	793
At 31 March 2019	1,587	223	1,810

As at 31 March 2019 and 2018, the Group has no significant unrecognised deferred income tax assets.

22 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 and 2019	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 and 2019	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. Chan Kam Chuen, Andrew, one of the three controlling shareholders.

(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 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 used as working capital for the Group.

23 RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000
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	–	(3,654)	–	–	(3,654)
Shares issued pursuant to the Capitalisation *(Note 22)*	(3,000)	–	–	–	(3,000)
Shares issued pursuant to the Listing *(Note 22)*	99,000	–	–	–	99,000
Transaction costs attributable to the Listing *(Note 22)*	(12,557)	–	–	–	(12,557)
Dividends	–	–	–	(15,000)	(15,000)
Balance at 31 March 2018	83,443	(3,654)	5	57,632	137,426
Balance at 1 April 2018	83,443	(3,654)	5	57,632	137,426
Profit and total comprehensive income for the year	–	–	–	13,466	13,466
Transaction with owners in their capacity as owners:					
Dividends	–	–	–	(16,000)	(16,000)
Balance at 31 March 2019	83,443	(3,654)	5	55,098	134,892

24 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	16,867	8,935
Accruals for employee benefits	10,918	10,040
Provision for unused annual leave	1,354	732
Provision for long service payment	728	728
Provision for reinstatement costs	2,647	2,113
Accruals for operating expenses	6,317	8,170
Accruals for property, plants and equipment	740	166
Other payables	1,093	734
	40,664	31,618

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

	2019 HK$'000	2018 HK$'000
0 – 30 days	13,627	7,615
31 – 60 days	1,962	141
61 – 90 days	328	800
Over 90 days	950	379
	16,867	8,935

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

24 TRADE AND OTHER PAYABLES *(Continued)*

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

	2019 **HK$'000**	2018 HK$'000
Hong Kong dollar	**26,377**	24,972
United States dollar	**1,712**	1,272
Taiwan New dollar	**6,896**	3,204
Renminbi	**81**	191
Japanese Yen	**5,598**	1,227
Pound Sterling	**–**	752
	40,664	31,618

25 BANK BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Bank borrowings	**63,897**	89,145

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:

	2019 **HK$'000**	2018 HK$'000
Within 1 year or on demand	**63,897**	89,145

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

	2019 **HK$'000**	2018 HK$'000
Within 1 year	**57,897**	58,895
Between 1 and 2 years	**6,000**	18,250
Between 2 and 5 years	**–**	12,000
	63,897	89,145

25 BANK BORROWINGS *(Continued)*

As at 31 March 2019, the Group's banking facilities are secured by:

(i) Cross guarantees by the Group's companies (2018: by the Group's companies and its related companies); and

(ii) Restricted cash deposits of HK$ 42,000,000 (Note 20) (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.

The effective interest rates of bank borrowings as at 31 March 2019 were 3.0% to 5.6% (2018: 2.3% to 5.3%).

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

An analysis of the carrying amounts of the Group's bank borrowings by currency was as follows:

	2019 HK$'000	2018 HK$'000
United States dollar at floating rates	**1,605**	7,558
HK dollar at floating rates	**60,391**	69,963
Euro at floating rates	**–**	121
Japanese Yen at floating rates	**1,901**	11,503
	63,897	89,145

26 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2019 HK$'000	2018 HK$'000
Profit before income tax	**17,329**	22,492
Adjustments for:		
Depreciation of property, plant and equipment *(Note 15)*	**15,732**	9,565
Change in cash surrender value of key management life insurance contracts *(Note 18)*	**147**	478
Loss on disposal of property, plant and equipment *(Note 7)*	**758**	–
Fair value gain on financial assets at fair value through profit or loss	**–**	(688)
Unrealised exchange loss	**29**	1,047
Provision for slow moving and obsolete inventories	**497**	–
Impairment of property, plant and equipment *(Note 15)*	**662**	–
Write-off of trade receivables *(Note 19)*	**–**	86
Impairment loss on trade receivable *(Note 19)*	**139**	–
Finance income *(Note 11)*	**(1,023)**	(108)
Finance costs *(Note 11)*	**3,354**	2,467
	37,624	35,339
Changes in working capital:		
Inventories	**(5,077)**	(5,723)
Trade receivables	**6,753**	(10,498)
Deposits, prepayments and other receivables	**(5,187)**	(5,045)
Trade and other payables	**8,472**	14,190
Cash generated from operations	**42,585**	28,263

26 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	As at 1 April 2018 HK$'000	Cash flows HK$'000	Non-cash changes Foreign exchange movement HK$'000	As at 31 March 2019 HK$'000
Amounts due to related parties	8,209	(8,209)	–	–
Bank borrowings	89,145	(25,277)	29	63,897
Total liabilities from financing activities	97,354	(33,486)	29	63,897

	As at 1 April 2017 HK$'000	Cash flows HK$'000	Non-cash changes			As at 31 March 2018 HK$'000
			Dividends HK$'000	Foreign exchange movement HK$'000	Deemed shareholders' distribution HK$'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: The cash flow of amounts due to related parties includes, among other movements, dividend paid to the then shareholders during the year ended 31 March 2018 amounting to HK$4,186,000.

26 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2019 HK$'000	2018 HK$'000
Net book amount	**1,049**	–
Loss on disposal of property, plant and equipment	**(758)**	–
Proceeds from disposal of property, plant and equipment	**291**	–

27 FINANCIAL INSTRUMENTS BY CATEGORIES

	2019 HK$'000	2018 HK$'000
Financial assets at amortised cost		
– Trade receivables	**66,493**	73,385
– Deposits, other receivables and other assets	**19,121**	14,669
– Restricted cash	**42,000**	22,500
– Short-term bank deposits	**2,647**	–
– Cash and cash equivalents	**51,315**	118,402
	181,576	228,956
Financial liabilities at amortised cost		
– Trade and other payables	**40,664**	31,618
– Amounts due to related parties	**–**	8,209
– Bank borrowings	**63,897**	89,145
	104,561	128,972

28 COMMITMENTS

(a) Capital commitments

	2019 HK$'000	2018 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**909**	1,428

(b) Operating lease commitments

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

	2019 HK$'000	2018 HK$'000
Not later than one year	**56,932**	45,521
Later than one year and not later than five years	**48,893**	48,088
	105,825	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.

29 FINANCIAL GUARANTEE

As at 31 March 2019, the Group executed certain performance bonds in favour of its landlords totalling HK$2,483,000 (2018: HK$2,869,000) in lieu of its rental deposits.

30 RELATED PARTY TRANSACTIONS

As at 31 March 2019, 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.

30 RELATED PARTY TRANSACTIONS *(Continued)*

(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 2019 and 2018.

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 (formally known as B&S Trading Company Limited)	Controlled by Mr. Chau Wing Kong, William
Best Source Enterprise Limited	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 2019 and 2018.

30 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties:

	2019 HK$'000	2018 HK$'000
Trade related receivables		
– New Odaiba	**782**	217
– D & W Balloon Company	**–**	245
	782	462
Amounts due from related parties *(Note)*		
– Best Sky Hong Kong Limited	**–**	61
– Mr. Fung King Wai, Paul	**–**	250
	–	311
Amounts due to related parties *(Note)*		
– Best Source Enterprise Limited	**–**	8,014
– Mr. Chan Kam Chuen, Andrew	**–**	37
– Mr. Chan Siu Cheung, Stephen	**–**	105
– Mr. Chau Wing Kong, William	**–**	53
	–	8,209

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 2019 was HK$311,000 (2018: HK$311,000).

As at 31 March 2019 and 2018, balances with related parties were unsecured, interest-free, denominated in HK$, and expected to repay within one year.

30 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:

	2019 HK$'000	2018 HK$'000
Continued transactions		
Sale of goods to a related party		
– New Odaiba	1,703	5,701
Rental expense charged by a related party		
– Best Source Enterprise Limited	7,607	6,832
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
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:

	2019 HK$'000	2018 HK$'000
Wages, salaries, bonuses and allowances	3,099	2,576
Pension costs – defined contribution plans	78	69
Staff welfare and benefits	–	18
	3,177	2,663

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
ASSETS			
Non-current asset			
Investments in subsidiaries		76,212	76,212
Current assets			
Amounts due from subsidiaries		66,867	32,000
Prepayments		234	–
Cash and cash equivalents		21,024	87,510
		88,125	119,510
Total assets		164,337	195,722
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,000	4,000
Reserves	*(a)*	159,655	159,655
Retained earnings	*(a)*	682	12,389
Total equity		164,337	176,044
LIABILITIES			
Current liabilities			
Accruals and other payables		–	1,305
Amount due to a related party		–	18,373
Total liabilities		–	19,678
Total equity and liabilities		164,337	195,722

The statement of financial position of the Company was approved by the Board of Directors on 24 June 2019 and was signed on its behalf.

Mr. Chan Kam Chuen Andrew
Director

Mr. Chau Wing Kong William
Director

31 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 period	–	–	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 22)*	(3,000)	–	–	(3,000)
Issue of shares pursuant to the Listing *(Note 22)*	99,000	–	–	99,000
Transaction costs attributable to the Listing *(Note 22)*	(12,557)	–	–	(12,557)
Dividend	–	–	(15,000)	(15,000)
Balances at 31 March 2018	83,443	76,212	12,389	172,044
Balances at 1 April 2018	83,443	76,212	12,389	172,044
Total comprehensive income				
Profit for the year	–	–	4,293	4,293
Transactions with owners in their capacity as owners:				
Dividends	–	–	(16,000)	(16,000)
Balances at 31 March 2019	83,443	76,212	682	160,337

32 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of the directors for the year ended 31 March 2019 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 2019							
Executive Directors							
Mr. Chan Kam Chuen, Andrew *(Chairman & CEO)*	–	693	–	–	18	–	711
Mr. Chau Wing Kong, William	–	531	–	–	18	–	549
Mr. Chan Siu Cheung, Stephen	–	531	–	–	18	–	549
Ms. Tin Hau Ling, Janny	–	144	–	–	7	–	151
Independent Non-executive Directors							
Mr. Yu Ka Ho, Bernard *(Note (i))*	144	–	–	–	–	–	144
Mr. See Hung Yan, Peter	144	–	–	–	–	–	144
Mr. Chung Kwok Mo, John	144	–	–	–	–	–	144
	432	1,899	–	–	61	–	2,392

32 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

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)*	–	377	–	–	18	–	395
Mr. Chau Wing Kong, William	–	685	–	–	18	–	703
Mr. Chan Siu Cheung, Stephen	–	590	–	–	18	–	608
Ms. Tin Hau Ling, Janny	–	7	–	–	–	–	7
Independent Non-executive Directors							
Mr. Yu Ka Ho, Bernard	7	–	–	–	–	–	7
Mr. See Hung Yan, Peter	7	–	–	–	–	–	7
Mr. Chung Kwok Mo, John	7	–	–	–	–	–	7
	21	1,659	–	–	54	–	1,734

Note:

(i) Mr. Yu Ka Ho, Bernard resigned as Independent non-executive director on 30 April 2019 due to his other personal and work commitments.

32 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

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 2019 and 2018.

(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 2019 (2018: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2019 (2018: 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 2019 (2018: 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 2019 (2018: 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 2019 (2018: Nil).

FINANCIAL INFORMATION SUMMARY

RESULTS

	Year ended 31 March				
RESULTS	**2019 HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**519,488**	452,125	367,978	299,770	282,558
Profit before income tax	**17,329**	22,492	33,789	25,296	19,334
Income tax expenses	**(2,651)**	(7,329)	(5,529)	(4,145)	(3,084)
Profit for the year	**14,678**	15,163	28,260	21,151	16,250

	As at 31 March				
ASSETS, EQUITY AND LIABILITIES	**2019 HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
ASSETS					
Non-current assets	**49,898**	31,395	34,712	25,551	19,487
Current assets	**202,483**	247,128	125,907	105,410	87,233
Total assets	**252,381**	278,523	160,619	130,961	106,720
EQUITY AND LIABILITIES					
Total equity	**144,732**	147,279	63,327	52,077	43,976
Non-current liabilities	**–**	–	67	165	62
Current liabilities	**107,649**	131,244	97,225	78,719	62,682
Total liabilities	**107,649**	131,244	97,292	78,884	62,744
Total equity and liabilities	**252,381**	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.