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## B & S INTERNATIONAL HOLDINGS LTD.

### 寶仕國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(the “Company”)

(Stock code: 1705)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

### FINANCIAL HIGHLIGHTS

- 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.

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

## ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>For the year ended 31 March</b>	
	<i>Note</i>	<b>2019</b>	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	<b>519,488</b>	452,125
Cost of sales	7	<b>(406,200)</b>	(336,300)
<b>Gross profit</b>		<b>113,288</b>	115,825
Other gains/(losses), net	5	<b>(1,396)</b>	(1,466)
Other income	6	<b>183</b>	315
Selling and distribution expenses	7	<b>(47,871)</b>	(38,224)
Administrative expenses	7	<b>(44,544)</b>	(51,599)
<b>Operating profit</b>		<b>19,660</b>	24,851
Finance income	8	<b>1,023</b>	108
Finance costs	8	<b>(3,354)</b>	(2,467)
Finance costs, net	8	<b>(2,331)</b>	(2,359)
<b>Profit before income tax</b>		<b>17,329</b>	22,492
Income tax expense	9	<b>(2,651)</b>	(7,329)
<b>Profit and total comprehensive income for the year</b>		<b>14,678</b>	<b>15,163</b>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>13,466</b>	14,085
Non-controlling interest		<b>1,212</b>	1,078
		<b>14,678</b>	15,163
<b>Earnings per share for profit attributable to owners of the Company during the year (expressed in HK cents per share)</b>			
– basic and diluted	10	<b>3.37</b>	4.62

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		34,353	20,611
Deferred income tax assets		1,810	1,017
Deposits and other assets		13,735	9,767
		<u>49,898</u>	<u>31,395</u>
<b>Current assets</b>			
Inventories		29,036	24,456
Trade receivables	12	66,493	73,385
Deposits, prepayments and other receivables		10,992	8,385
Restricted cash		42,000	22,500
Short-term bank deposits		2,647	–
Cash and cash equivalents		51,315	118,402
		<u>202,483</u>	<u>247,128</u>
<b>Total assets</b>		<u><b>252,381</b></u>	<u><b>278,523</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	4,000	4,000
Reserves		79,794	79,794
Retained earnings		55,098	57,632
		<u>138,892</u>	<u>141,426</u>
Non-controlling interest		5,840	5,853
<b>Total equity</b>		<u><b>144,732</b></u>	<u><b>147,279</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	40,664	31,618
Income tax payables		3,088	2,272
Amounts due to related parties		–	8,209
Bank borrowings		63,897	89,145
		<u>107,649</u>	<u>131,244</u>
<b>Total liabilities</b>		<u><b>107,649</b></u>	<u><b>131,244</b></u>
<b>Total equity and liabilities</b>		<u><b>252,381</b></u>	<u><b>278,523</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

#### *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 HKAS28	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.

**2.1(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:

		<b>Effective for annual periods beginning on or after</b>
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”.

**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 15). 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.

## **2.2 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. In accordance with the transitional provisions in HKFRS 9, comparative figures 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

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.

### 3 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.

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

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



	For the year ended 31 March 2018		
	Distribution	Retail	Total
	Business	Business	
	HK\$'000	HK\$'000	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	1,390	8,175	9,565

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	Retail	Total
	Business	Business	
	HK\$'000	HK\$'000	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	Retail	Total
	Business	Business	
	HK\$'000	HK\$'000	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:

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

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

	<b>As at 31 March 2019</b>		
	<b>Distribution Business <i>HK\$'000</i></b>	<b>Retail Business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Total segment liabilities	<b>55,602</b>	<b>20,834</b>	<b>76,436</b>
	<b>As at 31 March 2018</b>		
	<b>Distribution Business <i>HK\$'000</i></b>	<b>Retail Business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Total segment liabilities	49,674	15,833	65,507

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

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

#### 4 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:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Sales of goods	<b>265,326</b>	255,432
Catering services	<b>254,162</b>	196,693
	<b>519,488</b>	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.

#### 5 OTHER GAINS/(LOSSES), NET

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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	<b>(147)</b>	(478)
Loss on disposal of property, plant and equipment	<b>(758)</b>	–
Exchange loss	<b>(491)</b>	(1,676)
	<b>(1,396)</b>	(1,466)

#### 6 OTHER INCOME

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Rental income	–	85
Sundry income	<b>183</b>	230
	<b>183</b>	315

## 7 EXPENSES BY NATURE

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

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

## 8 FINANCE COSTS, NET

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

## 9 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 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current income tax	3,444	7,273
Deferred income tax	(793)	56
	<u><b>2,651</b></u>	<u><b>7,329</b></u>

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 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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)
	<u><b>2,651</b></u>	<u><b>7,329</b></u>

## 10 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 ( <i>HK\$'000</i> )	13,466	14,085
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	400,000	304,932
Basic earnings per share ( <i>HK cents</i> )	3.37	4.62

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares for the year ended 31 March 2018 has been determined on the assumption that the Reorganisation and Capitalisation Issue 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.

## 11 DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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.

## 12 TRADE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables		
– third parties	65,711	72,923
– related parties	782	462
	<u>66,493</u>	<u>73,385</u>
Less: allowance	–	–
	<u><u>66,493</u></u>	<u><u>73,385</u></u>

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 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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
	<u><u>66,493</u></u>	<u><u>73,385</u></u>

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.

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.

## 13 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 21 August 2017 (date of incorporation) ( <i>Note (i)</i> )	39,000,000	390
Increase in authorised share capital ( <i>Note (iii)</i> )	<u>9,961,000,000</u>	<u>99,610</u>
At 31 March 2018 and 2019	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 21 August 2017 (date of incorporation) ( <i>Note (i)</i> )	300	–
Shares issued pursuant to the Reorganisation ( <i>Note (ii)</i> )	1,200	–
Shares issued pursuant to the Capitalisation ( <i>Note (iv)</i> )	299,998,500	3,000
Shares issued pursuant to the Listing ( <i>Note (v)</i> )	<u>100,000,000</u>	<u>1,000</u>
At 31 March 2018 and 2019	<u><u>400,000,000</u></u>	<u><u>4,000</u></u>

### 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.



## 14 TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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
	<u>40,664</u>	<u>31,618</u>

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

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

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

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
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
	<u>40,664</u>	<u>31,618</u>

## 15 COMMITMENTS

### (a) Capital commitments

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for		
– Property, plant and equipment	<b>909</b>	1,428

### (b) Operating lease commitments

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

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	<b>56,932</b>	45,521
Later than one year and not later than five years	<b>48,893</b>	48,088
	<b>105,825</b>	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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended 31 March 2019, 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 supermarket, pharmacy, convenience store and department store chains in Hong Kong. We provide supply chain solutions from importing the products from the overseas brand owners to marketing the products to 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: 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:

	Total number of stores		
	As at 31 March		
	2019	2018	2017
TenRen (天仁茗茶)	49	33	24
Jiu Tang Wu (九湯屋)	5	2	–
Uncle Tetsu (徹思叔叔)	–	3	2
Hotel Chocolat	–	3	–
Others	3	2	2
	<hr/>	<hr/>	<hr/>
Total	<b>57</b>	<b>43</b>	<b>28</b>

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.

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.

### 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	HK\$4.59	HK\$4.63	HK\$5.26	HK\$6.04	HK\$6.05
	million	million	million	million	million	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	<b>21.8</b>
Side products (per unit) ( <i>Note</i> )	27.1	<b>26.2</b>
Average daily sales volume		
Beverage products (per cup)	21,400	<b>26,600</b>
Side products (per unit) ( <i>Note</i> )	1,400	<b>1,500</b>

*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 in 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 is 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 drink serving establishment in Hong Kong is continuously increasing due to the significant increase in market wages followed by the further increase of statutory minimum wage in 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 including:

#### *Increasing operating costs*

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

#### *The ease of online retailing*

Nowadays, consumers can access to almost all products and services via the internet, contributed by the online retailing and emergence of various payment platforms. Also, many food and beverage brands allow online purchases and offer fast delivery service, providing great convenience for customers. 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.

### **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 consolidate 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/product portfolio to remain competitive in the market and to ensure a wider selection for its customers. The Group will focus on overseas brands/products that suit the tastes and preferences of Hong Kong consumers.

## **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 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 HK\$47.9 million, representing an increase of approximately 25.4% from HK\$38.2 million for the same period in 2018. Such increase was mainly due to the increase in advertising and promotion expenses mainly due to the increase in number of promotion activities and marketing events held during 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 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 HK\$2.3 million, representing a decrease of approximately 4.2% from 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 HK\$7.3 million and 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 were 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 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 HK\$31.2 million. This amount was used mainly for the opening of new retail outlets.



## **Corporate Governance Practices**

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

The Company has been listed on the Stock Exchange since 14 March 2018 (the "Listing Date"). During the 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 Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The corporate governance principles of the Company 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 enhances corporate value for shareholders of the Company (the "Shareholders") but also protects the long-term sustainability of the Group.

In the opinion of the Board, during the period from the Listing Date up to the date of this result announcement, 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.

## **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 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 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 15 to the consolidated financial information 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.

## **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:

	<b>Original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement)</b>	<b>Revised allocation of IPO Proceeds (as disclosed in the 20 August 2018 announcement)</b>	<b>Utilised IPO Proceeds as at 31 March 2019</b>	<b>Unutilised IPO Proceeds as at 31 March 2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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)	–
	<u>71,100</u>	<u>71,100</u>	<u>(44,938)</u>	<u>26,162</u>
Total	<u>71,100</u>	<u>71,100</u>	<u>(44,938)</u>	<u>26,162</u>

## **EVENTS AFTER THE REPORTING DATE**

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

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. Chung Kwok Mo John, Mr. Pang Koon Kwai and Mr. See Hung Yan Peter. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 March 2019.

## **REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set forth in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set forth in the Group's audited consolidated financial statements for the year.

The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **MODEL CODE FOR 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 announcement. 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 announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 March 2019 and up to the date of this announcement, there has been no purchase, sale or redemption of any Company’s listed securities by the Company or any of its subsidiaries.

## **FINAL DIVIDEND**

Our Board recommends the declaration and payment of a final dividend of HK2 cents per share for the year ended 31 March 2019 subject to the approval of Shareholders at the annual general meeting (the “AGM”)

## **CLOSURE OF REGISTER OF MEMBERS**

Shareholders whose names appear on the register of members of our Company on 2 September 2019 are entitled to attend and vote at the AGM. 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 the Company’s Hong Kong branch share registrar, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 27 August 2019.

## **ANNUAL GENERAL MEETING**

The AGM will be held on 2 September 2019. Notice of the AGM will be sent to the shareholders of the Company in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.bandshk.com](http://www.bandshk.com). The annual report of the Company for the year ended 31 March 2019 and the notice of the AGM will be despatched to the Shareholders and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**B & S International Holdings Ltd.**  
**Chan Kam Chuen Andrew**  
*Chairman and Chief Executive Officer*

Hong Kong, 24 June 2019

*As at the date of this announcement, the executive Directors are Mr. Chan Kam Chuen Andrew (Chairman), Mr. Chan Siu Cheung Stephen, Mr. Chau Wing Kong William and Ms. Tin Hau Ling Janny; and the independent non-executive Directors are Mr. Chung Kwok Mo John, Mr. See Hung Yan Peter and Mr. Pang Koon Kwai.*