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Best Mart 360 Holdings Limited

優品360控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2360)

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

HIGHLIGHTS

- For the year ended 31 March 2019, the revenue recorded by the Group amounted to approximately HK\$1,288,479,000, representing an increase of approximately 19.8% as compared to approximately HK\$1,075,930,000 for the year ended 31 March 2018.
- Profit attributable to owners of the Company for the year ended 31 March 2019 was approximately HK\$59,728,000 (2018: approximately HK\$53,599,000), representing an increase of approximately 11.4%.
- Earnings per share attributable to owners of the Company for the year ended 31 March 2019 was approximately HK7.4 cents (2018: HK7.1 cents).
- The Board recommended the payment of final dividend of HK6.0 cents per share for the year ended 31 March 2019.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Best Mart 360 Holdings Limited (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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	5	1,288,479	1,075,930
Cost of sales		(854,039)	(733,641)
Gross profit		434,440	342,289
Other income and other losses, net	6	(104)	(179)
Selling and distribution expenses		(298,030)	(238,352)
Administrative and other expenses		(57,486)	(34,962)
Operating profit		78,820	68,796
Finance costs	7	(3,405)	(3,244)
Profit before income tax	8	75,415	65,552
Income tax expenses	9	(15,687)	(11,953)
Profit and total comprehensive income for the year		59,728	53,599
Profit and total comprehensive income attributable to owners of the Company		59,728	53,599
Earnings per share attributable to owners of the Company:			
– Basic and diluted (HK cents)	11	7.4	7.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		22,992	18,182
Deposits		31,627	21,067
Deposits paid for purchase of property, plant and equipment		712	387
Deferred tax assets		1,312	748
		<hr/> 56,643	<hr/> 40,384
Current assets			
Inventories		132,839	100,162
Trade receivables	<i>12</i>	5,419	4,241
Deposits, prepayments and other receivables		35,374	33,302
Cash and bank balances		277,394	37,809
		<hr/> 451,026	<hr/> 175,514
Total assets		<hr/> 507,669	<hr/> 215,898
Current liabilities			
Trade payables	<i>13</i>	26,955	18,246
Accruals, receipts in advance and other payables	<i>13</i>	26,391	25,666
Bank borrowings		35,859	52,363
Income tax payable		7,361	8,380
		<hr/> 96,566	<hr/> 104,655
Net current assets		<hr/> 354,460	<hr/> 70,859
Total assets less current liabilities		<hr/> 411,103	<hr/> 111,243

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Non-current liabilities			
Accruals and other payables	<i>13</i>	3,605	2,867
Bank borrowings		37,916	15,192
		<u>41,521</u>	<u>18,059</u>
Net assets		<u>369,582</u>	<u>93,184</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>14</i>	10,000	–
Reserves		359,582	93,184
		<u>369,582</u>	<u>93,184</u>
Total equity		<u>369,582</u>	<u>93,184</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

Best Mart 360 Holdings Limited (the “Company”) was incorporated in the Cayman Islands 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 on 24 January 2018. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 14/F., SML Tower, 165 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in retailing of food and beverage, household and personal care products under the “Best Mart 360° (優品360°)” brand stores in Hong Kong.

In the opinion of the directors, the immediate and ultimate holding company is Long Ease Holdings Limited (“Long Ease”), a company incorporated in the British Virgin Islands.

In connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company underwent a reorganisation (the “Reorganisation”) and has become the holding company of its subsidiaries now comprising the Group since 15 December 2018. The shares of the Company were listed on the Stock Exchange on 11 January 2019. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 28 December 2018 (the “Prospectus”).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective 1 April 2018

The Group has adopted all the new or amended HKFRSs which are effective for the Group’s accounting periods beginning on or after 1 April 2018 and throughout the years ended 31 March 2019 and 2018.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contract ³
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 3	Definition of Business ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but is available for early adoption

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK\$182,742,000 as disclosed in note 15. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group’s results but it is expected that the above operating lease commitments will be recognised as right-of-use assets and lease liabilities in the Group’s financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Function and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and its subsidiaries and all values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

During the years ended 31 March 2019 and 2018, the Group operates one reportable and operating segment which is the retailing sales of food and beverage, household and personal care products under the “Best Mart 360° (優品360°)” brand stores in Hong Kong. The Group determines its operating segment based on information reported to executive directors of the Company who are also the chief operating decision-maker that are used to make strategic decisions. Accordingly, the Group does not present separately segment information. In addition, all of the Group’s revenue is generated in Hong Kong and all of the non-current assets are located in Hong Kong.

Information about major customers

Since none of the Group’s sales to a single customer amounted to 10% or more of the Group’s total revenue for the year ended 31 March 2019 (2018: Nil), no information about major customers in accordance with HKFRS 8 Operating Segments is presented.

5. REVENUE

The Group principally engages in retailing of food and beverage, household and personal care products under the “Best Mart 360° (優品360°)” brand stores in Hong Kong. All revenue of the Group is recognised at a point in time.

Revenue from the Group’s principal activities during the year is as follows:

	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>
Revenue from		
Retailing sales	1,292,552	1,077,468
Less: Sales discounts	(4,073)	(1,538)
	<u>1,288,479</u>	<u>1,075,930</u>

6. OTHER INCOME AND OTHER LOSSES, NET

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income from bank deposits	325	40
Losses on written-off/disposal of property, plant and equipment, net	(776)	(425)
Compensation from termination of a lease agreement	316	–
Promotion income	–	203
Others	31	3
	<u>(104)</u>	<u>(179)</u>

7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expenses on bank overdrafts and borrowings	<u>3,405</u>	<u>3,244</u>

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Directors' emoluments	641	300
Staff costs:		
– Wages, salaries and other benefits	114,311	84,027
– Contributions to defined contribution pension plans	5,062	3,649
Depreciation of property, plant and equipment	11,360	9,743
Auditor's remuneration	780	118
Exchange differences, net	1,490	1,511
Listing expenses	18,285	4,636
Cost of inventories recognised as expenses	854,039	733,641
Written-off of inventories	5,524	5,264
Service expenses for using the operating facilities of warehouse	12,555	11,060
Operating lease payments in respect of retail stores and office		
– Minimum lease payments	110,517	93,222
– Contingent rents	11,508	8,961
	<u>122,025</u>	<u>102,183</u>

9. INCOME TAX EXPENSES

The income tax expenses in the consolidated statement of profit or loss and other comprehensive income during the year represents:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current income tax		
Tax for the year	16,307	12,359
Over-provision in respect of prior year	<u>(56)</u>	<u>(20)</u>
	16,251	12,339
Deferred income tax	<u>(564)</u>	<u>(386)</u>
Income tax expenses	<u><u>15,687</u></u>	<u><u>11,953</u></u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Hong Kong profits tax has been provided at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the year ended 31 March 2019.

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

10. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Proposed final dividend	<u><u>60,000</u></u>	<u><u>–</u></u>

At a meeting held on 26 June 2019, the directors recommended a final dividend of HK6.0 cents per ordinary share. The proposed dividends are subject to shareholders' approval in the forthcoming annual general meeting to be held on 7 August 2019 and are not reflected as a dividend payable in the consolidated financial statements for the year ended 31 March 2019.

No dividend was paid or declared by the Company during the year ended 31 March 2018.

On 14 December 2018, Quality Food 360° (Holdings) Limited ("Quality Food 360°") declared interim dividends of HK\$20,000,000. Such dividend was paid to the then shareholders of Quality Food 360° during the year ended 31 March 2019.

11. EARNINGS PER SHARE

The basic earnings per share attributable to owners of the Company for the year is calculated based on the profit attributable to owners of the Company of HK\$59,728,000 (2018: HK\$53,599,000), and the weighted average number of ordinary shares of 804,794,521 in issue (2018: 750,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue as if these shares issued under the Reorganisation had been issued on 1 April 2017 but excluding any shares issued pursuant to the share offer). The Company did not have any potential dilutive shares for the years ended 31 March 2019 and 2018. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

12. TRADE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	5,419	4,241

Trade receivables mainly represent the outstanding amounts receivable by the Group from Octopus Cards Limited and credit card companies. The settlement terms with credit card companies and octopus card sales are usually within two business days after the date on which the sales are made. No credit term has been granted to any customers of the retail stores.

The ageing analysis of the Group's trade receivables based on invoice date is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0-30 days	5,414	4,177
31-60 days	2	30
61-90 days	1	12
Over 90 days	2	22
	5,419	4,241

13. TRADE PAYABLES, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

(a) Trade payables

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0-30 days	18,933	12,454
31-60 days	6,506	5,141
61-90 days	1,150	285
Over 90 days	366	366
	<u>26,955</u>	<u>18,246</u>

(b) Accruals, receipts in advance and other payables

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current:		
Accruals for employee benefit expenses	15,332	12,222
Accruals for rental expenses	5,880	6,659
Accruals for logistic expenses	2,412	3,697
Contract liabilities in relation to customer loyalty programme	433	292
Accruals for operating and other expenses	1,460	1,072
Accruals for property, plant and equipment	76	50
Contract liabilities in relation to cash coupon	33	709
Provision for reinstatement costs	765	965
	<u>26,391</u>	<u>25,666</u>
Non-current:		
Provision for reinstatement costs	1,865	1,025
Accruals for rental expenses	1,740	1,842
	<u>3,605</u>	<u>2,867</u>

14. SHARE CAPITAL

	Number	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each Upon incorporation (<i>note (a)</i>)	38,000,000	380
At 31 March 2018 and 1 April 2018	38,000,000	380
Increase in authorised share capital (<i>note (c)</i>)	9,962,000,000	99,620
At 31 March 2019	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each Upon incorporation (<i>note (a)</i>)	1	–
Issue of shares pursuant to the Reorganisation (<i>note (b)</i>)	999,999	–
At 31 March 2018 and 1 April 2018	1,000,000	–
Issue of shares pursuant to the Reorganisation (<i>note (d)</i>)	1,000,000	20
Capitalisation issue (<i>note (e)</i>)	748,000,000	7,480
Issue of shares upon share offer (<i>note (f)</i>)	250,000,000	2,500
At 31 March 2019	<u>1,000,000,000</u>	<u>10,000</u>

Notes:

- (a) On 24 January 2018, the Company was incorporated in the Cayman Islands as an ordinary exempted company with limited liability, with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon its incorporation, one nil-paid subscriber's ordinary share was immediately transferred to Long Ease.
- (b) On 24 January 2018, 999,999 nil paid ordinary shares were allotted and issued to Long Ease at par value.
- (c) On 18 December 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$100,000,000 divided into 10,000,000,000 ordinary shares by the creation of an additional 9,962,000,000 ordinary shares.
- (d) On 15 December 2018, the Company acquired the entire issued shares of Quality Food 360° from Mr. Lin Tsz Fung and Ms. Hui Ngai Fan in consideration for the allotment and issue of 1,000,000 ordinary shares, credited as fully paid to Long Ease and the credit as fully paid the 1,000,000 ordinary shares held by Long Ease on the incorporation of the Company. The Company nominated Best Mart 360 International Limited, a wholly owned subsidiary of the Company, as the registered shareholder of the two issued shares in Quality Food 360° upon completion of the acquisition.

- (e) Pursuant to the written resolutions of all shareholders of the Company passed on 18 December 2018, the Directors were authorised to capitalise the amount of HK\$7,480,000 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 748,000,000 ordinary shares for the allotment of ordinary shares to Long Ease.
- (f) Upon listing, the Company issued 250,000,000 ordinary shares of HK\$0.01 each at a price of HK\$1 per share pursuant to the share offer and listing of the Company's shares on the Stock Exchange.

15. COMMITMENTS

(a) Capital commitments

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Commitments for property, plant and equipment:		
Contracted for but not provided	<u>412</u>	<u>138</u>

(b) Operating lease commitments

The Group, as the lessee, had future aggregate minimum lease payments in respect of rental premises under non-cancellable operating leases as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Not later than one year	100,162	80,998
Later than one year and not later than five years	<u>82,580</u>	<u>51,459</u>
	<u>182,742</u>	<u>132,457</u>

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

(c) Other commitments

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Service expenses for using the operating facilities of warehouse:		
Not later than one year	11,363	11,332
Later than one year and not later than five years	<u>8,537</u>	<u>19,900</u>
	<u>19,900</u>	<u>31,232</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leisure food retailer operating chain retail stores under the brand “Best Mart 360° (優品360°)”. The Group offers wide collection of imported prepackaged leisure foods and other grocery products principally from overseas, which can be broadly categorised into (i) confectioneries; (ii) packaged bakery products and snacks; (iii) nuts and dried fruits; (iv) grain and other miscellaneous food products; (v) beverages and wine; (vi) personal care products; and (vii) other products, such as baby food and products, health food and supplements and miscellaneous household items, such as cleaning agents, table ware and rain gear. It is the Group’s business objective to offer “Best Quality” and “Best Prices” products to the customers through continuous efforts on global procurement with a mission to provide comfortable shopping environment and pleasurable shopping experience to its customers.

The shares of the Company (the “Shares”) were successfully listed (the “Listing”) on the main board (“Main Board”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 11 January 2019 (the “Listing Date”) by way of share offer (the “Share Offer”). The Directors are of the view that the Listing which not only further enhances the reputation, market visibility and brand awareness of the Group, but also raises the strength of the Group in internal control, corporate governance and compliance management which is vital for the business development of the Group in the long run and is beneficial to the Group and the shareholders as a whole.

BUSINESS REVIEW

During the financial year under review, the Group managed to maintain sustainable growth in both revenue and profit and had demonstrated its resilience in operating satisfactorily with pressure despite sailing under the midst of economic uncertainties that affected overall consumption sentiment due to the outburst of US-China trade tension in the second half of year 2018. Key external causes that have material impact on the financial performance of retail business, such as rental expenses and staff costs were both fairly controlled by the Group in the financial year under review. Overall rental of the retail stores remained generally stable in the financial year under review. Notwithstanding wages and earnings continued to record gains as the labour market remained tight and unemployment rate held steady at a low level in the financial year under review, the Group had correspondingly adjusted remuneration packages with the trend of costs in labour market while still managed to effectively control the rising labour costs. Positioning in a relatively fragmented retail sector that filled with competitions from large supermarket chains, convenience chain stores, small and medium-sized retail stores and snack stores of various kind of scale, the Group’s strong brand positioning and its ability to procure and maintain comprehensive collection of new products and distinctive products with quality at competitive prices in commensurating with the evolving demand from customers are well-received and well-recognised by consumers that continuously elevates the Group’s market position and popularity.

For the year ended 31 March 2019, the revenue recorded by the Group amounted to approximately HK\$1,288,479,000, representing an increase of approximately 19.8% as compared to approximately HK\$1,075,930,000 for the year ended 31 March 2018. Amongst which, sales to walk-in customers from the general public accounted to approximately 99.8% of the revenue of the Group for the financial year under review while bulk-sales to certain bulk-purchase customers, such as corporate customers and trading companies in the industry accounted to approximately 0.2% of the revenue of the Group for the financial year under review. Gross profit of the Group for the year ended 31 March 2019 was approximately HK\$434,440,000, while gross profit of the Group for the year ended 31 March 2018 was approximately HK\$342,289,000. The increase in revenue was mainly attributed to the combined effects of same-store sales growth of approximately 6.8%; the increase in the number of retail stores from 70 for the year ended 31 March 2018 to 89 for the year ended 31 March 2019; and the improvement in the Group's procurement capabilities in sourcing quality and/or distinctive products with competitive prices that are attractive to the customers. The slow down of increase in revenue as compared with that of the last financial year was partly attributed to the comparatively late opening of new retail stores in the second half of the financial year under review that were yet to getting on track or achieving breakeven and/or investment payback while the Group used to open most of its new retail stores in the first half of the previous financial years ("**Late Opening of Stores**") and partly due to the economic downturn since the second half of year 2018.

Profit attributable to owners of the Company for the year ended 31 March 2019 was approximately HK\$59,728,000 (2018: approximately HK\$53,599,000), representing an increase of approximately 11.4%. Netting off the incurrence of the one-off non-recurring listing expenses of approximately HK\$4,636,000 and approximately HK\$18,285,000 in each of the year ended 31 March 2018 and the year ended 31 March 2019 respectively, the profit attributable to owners of the Company for the year ended 31 March 2018 and the year ended 31 March 2019 would be approximately HK\$58,235,000 and approximately HK\$78,013,000, which represented an increase of approximately 34.0% from the year ended 31 March 2018 to that of the year ended 31 March 2019.

Same-Store Sales Performance

The growth in revenue of the Group was not only driven by the increase of the number of the Group's retail stores, but also by the Group's capability to grow its sales within the existing retail stores. The Group assesses its growth within the existing retail stores by calculating the same-store sales growth, which compares revenue derived from the retail stores that were in operation throughout the financial periods compared. The Group consecutively achieved same-store sales growth during the past three financial years. During each of the three financial years ended 31 March 2019, the management had taken cautious approach in regulating and controlling the balance between realising same-store sales growth and procuring the growth of gross profit margin in accordance with market trend and condition so as to achieve optimal business performance and operating results for the Group. The following table sets forth the same-store sales

performance of the Group's retail stores and the gross profit margin of the Group during the three financial years ended 31 March 2019:

	Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2016	2017	2017	2018	2018	2019
Number of same-store	18		26		45	
Same-store sales (<i>HK\$'000</i>)	268,034	271,461	400,656	435,722	751,335	802,265
Same-store sales growth rate	1.3%		8.8%		6.8%	
			Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	
Gross profit margin			31.3%	31.8%	33.7%	

During the financial year under review, gross profit margin of the Group was approximately 33.7%, representing an increase of approximately 1.9 percentage points as compared with approximately 31.8% for the year ended 31 March 2018. The increase in gross profit margin was mainly attributed to (i) the Group's continual effort in sourcing products directly from more upstream suppliers; (ii) the discount from suppliers as a result of bulk purchase which was benefited from better economy of scale with the Group's continuous expansion of retail network and hence the scale of purchases; and (iii) the effective pricing policy implemented by the Group.

Chain Retail Stores

As at 31 March 2019, the Group operated a total of 89 chain retail stores in Hong Kong (as at 31 March 2018: 70). During the financial year under review, the Group opened 28 new stores and closed nine retail stores due to consolidation of business of stores in proximity or upon expiration of the respective lease term. As at 31 March 2019, the 89 retail stores of the Group consisting of 17 retail stores located in Hong Kong Island, 33 retail stores located in Kowloon and 39 retail stores located in New Territories and 32 retail stores situated at street-level, 50 retail stores situated at shopping arcades of community or residential districts and seven retail stores situated at various traffic hubs that are easily accessible by tourists, which spanned over all of the 18 districts in Hong Kong. Rental expense for retail stores was approximately HK\$132,919,000 for the year ended 31 March 2019, representing an increase of approximately 18.2% as compared with approximately HK\$112,472,000 for the year ended 31 March 2018. The typical saleable area of the Group's retail stores is in the range of approximately 505 square feet to 3,070 square feet. The average monthly rental for the year ended 31 March 2019 was approximately HK\$130.4 per square feet, representing an increase of approximately 5.7% when compared with approximately HK\$123.4 per square feet for the year ended 31 March 2018. The percentage of rental expense of retail stores to sales revenue for the year ended 31 March 2019 was approximately 10.3%, which was slightly lower than that of approximately 10.5% for the year ended 31 March 2018. The rental expenses of the Group for the year ended 31 March 2019 had been effectively controlled.

Employees

Employees are crucial to the sustainable development of the Group's business, in particular, front-line staffs constituted material labour force to the Group's retail business. In line with the continuous expansion of the Group's retail network and business development, the number of employees of the Group also increased from totally 562 employees, comprising 406 full-time employees and 156 part-time employees as at 31 March 2018 to totally 728 employees, which, excluding five Directors, comprising of 538 full-time employees and 185 part-time employees as at 31 March 2019. In order to retain talented and skilled labour force and suitably incentivized our employees so as to increase cohesion and loyalty amongst the Group's employees, the Group regularly reviewed and refreshed employee benefit scheme and remuneration packages with reference to labour market supply and the trend of labour costs and based on the individual performance of the employees. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2019 amounted to approximately HK\$119,373,000 (2018: approximately HK\$87,676,000), representing an increase of approximately 36.2% from that of the year ended 31 March 2018. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2019 represented approximately 9.3% of the revenue of the Group in the financial year under review while the staff costs (excluding the Directors' emoluments) for the year ended 31 March 2018 represented approximately 8.2% of the revenue of the Group in the corresponding year, amongst which the staff cost of frontline and warehouse staff (including basic salary, commission and other benefits) took around 6.0% and 7.0% of the revenue for each of the year ended 31 March 2018 and 31 March 2019 respectively. The increase of ratio in the staff cost to the Group's revenue was principally due to (i) the upward adjustment of salary to employees in accordance with labour market condition during the financial year under review; (ii) the payment of bonus and allowance to employees during the financial year under review; and (iii) the adjustment of workflow and strengthening of management structure during the financial year under review.

The Products

For the year ended 31 March 2019, the Group offers a total of 3,261 SKUs of products (for the year ended 31 March 2018: 3,427 SKUs) from suppliers principally from overseas markets, such as Japan, Europe, the United States, Korea and countries in the South East Asia, and brand owners or importers in Hong Kong. For the year ended 31 March 2019, approximately 41.5% of the products were procured from suppliers and brand owners or importers in Hong Kong (for the year ended 31 March 2018: approximately 41.0%), while the share of import products from Japan, Europe and the United States amounted to approximately 16.4%, 13.9% and 10.7% respectively of the whole procurement (for the year ended 31 March 2018: approximately 16.1%, 11.8% and 15.6% respectively). As at 31 March 2019, the total inventories of the Group amounted to approximately HK\$132,839,000 (2018: approximately HK\$100,162,000), representing an increase of approximately 32.6% which was mainly due to the increase in the number of retail stores in the financial year under review resulting in the increases in both in-store inventories and inventories in warehouses.

Besides, the Group also actively pursues suitable opportunity in developing private label products that on one hand allow the Group to capture advantages of pricing and exercise higher level of quality control on its products and on the other hand further uplift its brand awareness and market visibility. As at the date of this announcement, the Group has launched seven private label brands of products, including wet tissues, chestnuts, canned abalone, dried fruits, aloe gel and pork jerky.

Membership Scheme

Given that the retail business of the Group is a consumer driven business, the Group placed substantial efforts in developing and reinforcing its customer base. To this end, the Group established and maintained a membership scheme since April 2015 in order to promote consumer loyalty, stimulate sales and further expand customer base. Through the membership scheme that serves as an effective communication channel that disseminate the Group's marketing and promoting activities from time to time promptly and swiftly to the members and provides incentives and special promotional offers on designated products exclusively to members, the Group is, on one hand, able to foster the ties and collaborations between members and the Group and on the other hand, to procure more recurring business and thereby maintain sustainable growth of the Group's business. During the financial year under review, the number of the Group's members was increased to approximately 1,268,000 as at 31 March 2019 from approximately 792,000 as at 31 March 2018, representing an increase of approximately 60.1%. The remarkable increase in the number of members illustrated the increasing supports and recognition of the Group by the general public and had proven the success of the membership scheme as part of the Group's marketing strategies.

To further popularise and elevate the Group's brand positioning and brand recognition in the market and further expand members' coverage of the Group, the Group launched its mobile app in March 2019 to strengthen its capability in instant messaging as communication channel with the public and its members. By the Group's mobile app, the general public is allowed to receive instant information through mobile devices for the Group's promotional offers, selective products promotion, retail shops network and member privileges and its members are able to check their reward points recorded and redeem their reward points through mobile devices instantly and thereby enhance customer shopping experience and purchasing pleasure with the Group. Since the launch of the mobile app in March 2019, approximately 93,000 members had been registered through the Group's mobile app up to 25 June 2019.

OUTLOOK

Looking ahead, the Group is prepared to expand its business scope and market influence and to further uplift its market position by (i) expanding the Group's business scale by opening additional retail stores in Hong Kong; (ii) exploring the opportunity to penetrate into other retail markets in the Greater China region should suitable opportunity arises; (iii) continuously optimizing the Group's supply chain and further refining the Group's procurement capabilities by identifying additional suppliers for products with quality and uniqueness and by lowering procurement costs through sourcing from more upstream suppliers for increasing the Group's competitiveness in the sector; (iv) accelerating the pace of developing additional private label products that intensifies proprietariness of the Group's products which provide both costs advantages and quality control and maximize customers' loyalty and uplift the competitive strengths of the Group; (v) expanding the dimension of the Group's marketing efforts to further enhance the Group's corporate image and to promote the Group's products; (vi) pursuing digital transformation of the Group's retail operation with a view to provide customers with progressive shopping experience accustomizing digital transformation in New Retail Era; (vii) continuously improving the Group's operational efficiency by upgrading existing information technology systems and adopting new information technology systems for streamlining operation process and reducing operational costs; (viii) pursuing higher level of systematical management of retail stores; and (ix) increasing staff training for enhancing service quality.

The Group is committed to strengthen its core capabilities to keep on improving its business performance and operating results so as to maintain sustainable growth of the Group and to present satisfactory results and bring favourable returns to its shareholders.

FINANCIAL REVIEW

Revenue

During the financial year under review, the revenue of the Group mainly represented the retail sales to walk-in customers from the general public through its retail stores in Hong Kong which accounted to approximately 99.8% of the revenue of the Group while the bulk-sales to certain bulk-purchase customers accounted to approximately 0.2% of the revenue of the Group. All of the revenue was generated in Hong Kong. For the year ended 31 March 2019, the revenue of the Group was approximately HK\$1,288,479,000, representing an increase of approximately 19.8% as compared to approximately HK\$1,075,930,000 for the year ended 31 March 2018. The increase in revenue was mainly attributed to the combined effects of same-store sales growth of approximately 6.8%; the increase in the number of retail stores from 70 for the year ended 31 March 2018 to 89 for the year ended 31 March 2019; and the improvement in the Group's procurement capabilities in sourcing distinctive products and/or products with competitive prices that are attractive to the customers. The slow down of increase in revenue as compared with that of the last financial year was partly due to the Late Opening of Stores which were yet to getting on track or achieving breakeven and/or investment payback before the end of the financial year under review and partly due to the economic downturn since the second half of year 2018.

Profit for the Year

Profit of the Group for the year ended 31 March 2019 amounted to approximately HK\$59,728,000, representing an increase of approximately 11.4% from approximately HK\$53,599,000 for the year ended 31 March 2018. Net profit margin before interest and tax for the year ended 31 March 2019 was approximately 6.1%, while the net profit margin before interest and tax for the year ended 31 March 2018 was approximately 6.4%. The slow down of increase in profit attributable to owners of the Company for the year ended 31 March 2019 as compared to that of the year ended 31 March 2018 and the slight decrease in net profit margin were partly attributable to the one-off non-recurring listing expenses of approximately HK\$18.3 million incurred in the year ended 31 March 2019 and the Late Opening of Stores which were yet to achieve their investment payback before the end of the financial year under review and partly due to the economic downturn since the second half of year 2018. Netting off the incurrence of the one-off non-recurring listing expenses of approximately HK\$4,636,000 and approximately HK\$18,285,000 in each of the year ended 31 March 2018 and the year ended 31 March 2019 respectively, the profit attributable to owners of the Company for the year ended 31 March 2018 and the year ended 31 March 2019 would be approximately HK\$58,235,000 and approximately HK\$78,013,000, which represented an increase of approximately 34.0% from the year ended 31 March 2018 to that of the year ended 31 March 2019.

Cost of Sales

During the financial year under review, the cost of sales represented the cost of inventories sold which was affected by a number of factors, such as the prevailing market conditions, the volume of orders and the type of products. For the year ended 31 March 2019, the cost of sales of the Group was approximately HK\$854,039,000, representing an increase of approximately 16.4% as compared to approximately HK\$733,641,000 for the year ended 31 March 2018. The increase in cost of sales was mainly attributed to the increase in sales as a result of the increase in the number of retail stores.

Gross Profit and Gross Profit Margin

For the year ended 31 March 2019, the gross profit of the Group was approximately HK\$434,440,000 (2018: approximately HK\$342,289,000), representing an year-on-year increase of approximately 26.9%, while the gross profit margin was approximately 33.7% (2018: approximately 31.8%). The increase in gross profit margin was mainly attributed to (i) the Group's continual effort in sourcing products directly from more upstream suppliers; (ii) the discount from suppliers as a result of bulk purchase which was benefited from better economy of scale with the Group's continuous expansion of retail network and hence the scale of purchases; and (iii) the effective pricing policy implemented by the Group.

Other Income and Other Losses, Net

For the year ended 31 March 2019, other income and other losses, net of the Group recorded a loss of approximately HK\$104,000, while the other income and other losses, net of the Group for the year ended 31 March 2018 recorded a loss of approximately HK\$179,000. During the year ended 31 March 2019, the other income and other net losses mainly consisted of (i) net loss on written-off/disposals of property, plant and equipment; (ii) interest income from bank deposits; (iii) promotion income paid by the Group's suppliers to promote their products in the Group's retail stores; and (iv) compensation received by the Group for termination of a lease agreement.

Selling and Distribution Expenses

For the year ended 31 March 2019, selling and distribution expenses of the Group amounted to approximately HK\$298,030,000, representing an increase of approximately 25.0% from approximately HK\$238,352,000 for the year ended 31 March 2018. The increase in selling and distribution expenses was mainly due to (i) the increase in salaries and wages for staff of the retail stores and the warehouse as a result of hiring more staff for retail stores and warehouse due to the increase in the number of retail stores; (ii) the increase in rental expenses for the opening of additional retail stores; (iii) the increase in service expenses for using the operating facilities of warehouse due to the increased warehouse storage used by the Group for increased inventories; and (iv) the increase in local transportation fee due to the increase of logistic services engaged by the Group as a result of increase in the number of retail stores.

Administrative and Other Expenses

For the year ended 31 March 2019, administrative and other expenses of the Group amounted to approximately HK\$57,486,000, representing an increase of approximately 64.4% from approximately HK\$34,962,000 for the year ended 31 March 2018. The increase in administrative and other expenses was mainly attributed to (i) the increase in salaries and wages for employing additional management staff and office staff for the business expansion of the Group; and (ii) the increase of the one-off non-recurring listing expenses of approximately HK\$18.3 million for the financial year under review from approximately HK\$4.6 million for the year ended 31 March 2018.

Finance Costs

Finance costs of the Group for the year ended 31 March 2019 amounted to approximately HK\$3,405,000, representing an increase of approximately 5.0% from approximately HK\$3,244,000 for the year ended 31 March 2018. The increase in finance costs was mainly attributed to the increase in interest expenses as a result of the increase in utilizing bank borrowings before the Share Offer.

Income Tax Expenses

The income tax expenses of Group increased from approximately HK\$11,953,000 for the year ended 31 March 2018 to approximately HK\$15,687,000 for the year ended 31 March 2019, representing an increase of approximately 31.2% which was in line with the increase of assessable profit of the operating subsidiary of the Group.

Financial Position, Liquidity and Financial Resources

As at 31 March 2019, the Group's total cash and bank balances (including cash and cash equivalents and restricted bank deposits) were approximately HK\$277,394,000 (2018: HK\$37,809,000). The current ratio (calculated by current assets divided by current liabilities) of the Group increased from approximately 1.7 times as at 31 March 2018 to approximately 4.7 times as at 31 March 2019.

The gearing ratio of the Group as at 31 March 2019 was approximately 20.0% as compared to that of approximately 72.5% as at 31 March 2018, which was calculated by the total debts divided by the total equity at the end of the year and multiplied by 100%. The total debts of the Group refer to bank borrowings. The decrease in gearing ratio was mainly due to the increase in share premium for the issue of Shares under the Share Offer.

As at 31 March 2019, the Group has total bank borrowings of approximately HK\$73,775,000, representing an increase of approximately 9.2% as compared with approximately HK\$67,555,000 as at 31 March 2018. The total unutilised banking facility extended by commercial banks as at 31 March 2019 amounted to approximately HK\$141,462,000. The carrying amounts of the Group's borrowings are denominated in Hong Kong dollars, secured and approximate to their fair value.

The overview of the Group's cash flow for the year ended 31 March 2019 and 31 March 2018 respectively are set out as follows:

	For the year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Net cash generated from operating activities	37,081	65,032
Net cash used in investing activities	(12,154)	(18,362)
Net cash generated from/(used in) financing activities	219,584	(30,737)
Net increase in cash and cash equivalents	244,511	15,933

Prior to the Listing, the Group generally financed its liquidity and working capital requirement through cash generated from its operations, banking facilities and advances from shareholders. After the Listing, the Group prepares to finance its liquidity and working capital requirements through a combination of various sources, including but not limited to cash generated from the Group's operations, bank borrowings, net proceeds from the Share Offer, and other external equity and debt financings as and when appropriate.

Operating Lease Commitments and Other Commitments

The Group's operating lease commitments and other commitments represent minimum lease payments due from the Group as lessee of rental premises under non-cancellable operating leases in respect of the offices, retail stores and service fees payable for the warehouses. The Group's operating lease commitments and other commitments amounted to approximately HK\$163,689,000 and approximately HK\$202,642,000 as at 31 March 2018 and as at 31 March 2019 respectively.

Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. Since then, there has been no change in the capital structure of the Group. The capital structure of the Company comprises of issued share capital and reserves. As at 31 March 2019, the Company had 1,000,000,000 Shares in issue.

Capital Commitments

Details of the capital commitments are set out in note 15.

Pledge of Assets

As at 31 March 2019, the Group's banking facilities were granted to the operating subsidiary of the Group and were secured by (i) bank deposits of approximately HK\$5,115,000 (2018: approximately HK\$10,041,000); and (ii) unlimited guarantees from the Company and the operating subsidiary of the Group.

Foreign Currency Risk

The Group operates in Hong Kong and is exposed to foreign exchange risk from the purchase of products from various overseas suppliers mainly from the United States, Europe and Japan, which purchases are primarily settled in foreign currencies. Nevertheless, taking into account the retail industry practice and the Group's current operation, the Directors do not consider the Group is subject to material foreign exchange risk. The Group will take proactive measures and monitor closely of its exposure to such currency movement.

Treasury Policies

The Group adopts prudent treasury management policies and does not engage in any highly leveraged or speculative derivative products. Cash balances are mostly placed in Hong Kong dollars bank deposit with appropriate maturity period for meeting future funding requirements.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were listed on the Main Board on 11 January 2019. The net proceeds from the Share Offer amounted to approximately HK\$213.7 million (after deducting the underwriting fees and related expenses).

As at 31 March 2019, approximately HK\$11.7 million (representing approximately 5.5% of the net proceeds from the Share Offer) had been utilised for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus of the Company dated 28 December 2018 (the “Prospectus”). Set out below is the breakdown of the use of the net proceeds from the Share Offer from the Listing Date up to 31 March 2019:

	Amount of proceeds used from the Listing Date up to 31 March 2019 approximately HK\$' million	Amount of proceeds allocated approximately HK\$' million (Note)	Unutilised amount of proceeds up to 31 March 2019 approximately HK\$' million
Specific use of net proceeds from the Share Offer			
(A) Opening of new retail stores	142.1	3.4	138.7
(B) Intensifying and broadening marketing efforts	28.9	1.1	27.8
(C) Upgrading information technology systems	21.6	0.1	21.5
(D) General working capital	21.1	7.1	14.0

Note: The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

As at 31 March 2019, approximately HK\$202.0 million (representing approximately 94.5% of the net proceeds from the Share Offer) had not yet been utilized. It is expected that the remaining net proceeds from the Share Offer will be fully utilised by 2022 in accordance with the intended use as stated in the Prospectus. As at the date of this announcement, the Directors do not anticipate that there will be any material change to the proposed use of the net proceeds from the Share Offer.

The unutilised net proceeds of the Share Offer have been placed as time deposits or bank balances with licensed banks in Hong Kong as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, excluding five Directors, the Group employed a total of 538 (2018: 406) full-time employees and 185 (2018: 156) part-time employees. The staff costs, excluding Directors' emoluments, of the Group for the year ended 31 March 2019 was approximately HK\$119,373,000 (2018: approximately HK\$87,676,000). The Company has adopted a share option scheme ("Share Option Scheme") on 18 December 2018 for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the Share Option Scheme.

The remuneration policy of the Group to reward the employees is based on their performance, qualifications, experience and competence. Remuneration package typically comprises salary, contribution to pension schemes, discretionary annual bonus, performance-related bonus, sales target bonus and miscellaneous duties-related allowances. The Group conducts annual review on the performance of the employees and make reference to such performance review for assessing discretionary annual bonus, salary adjustments and promotion appraisals. The remuneration package of the executive Directors and the senior management is determined with reference to those paid by comparable companies, time commitment and performance of the Directors and senior management, as well as the performance of the Group. A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group with reference to their experience, responsibilities, workload and time devoted to the Group and performance of the Group.

MATERIAL INVESTMENTS

Save as disclosed in the Prospectus or in this announcement, the Group did not have any material investments during the year ended 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 March 2019, the Group did not have any material acquisitions or disposals, except for the Reorganisation of the Group which details has been set forth in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus or in this announcement, the Group did not have other plans for material investments and capital assets as at 31 March 2019.

CONTINGENT LIABILITIES

Save as disclosed in the Prospectus or in this announcement, the Group did not have any significant contingent liabilities as at 31 March 2019.

FINAL DIVIDEND

The Board recommended the payment of final dividend of HK6.0 cents per share for the year ended 31 March 2019 (2018: Nil).

Subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on Wednesday, 7 August 2019 (the “AGM”), the proposed final dividend is expected to be paid on or around Friday, 23 August 2019 to the Shareholders whose names appear on the register of members of the Company on Thursday, 15 August 2019. To ascertain shareholders’ entitlement to the final dividend, if the proposed final dividend is approved by the Shareholders at the AGM, the register of members of the Company will be closed from Tuesday, 13 August 2019 to Thursday, 15 August 2019 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 12 August 2019.

CLOSURE OF SHARE REGISTER FOR AGM

For determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 2 August 2019 to Wednesday, 7 August 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 1 August 2019.

EVENT AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 March 2019 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares since the Listing Date up to the date of 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 securities transactions by the Directors. Following a specific enquiry made by the Company on the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the period from the Listing Date up to the date of this announcement.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, to formulate good corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure to meet with the expectations of the shareholders of the Company.

The shares of the Company have been listed on the main board of the Stock Exchange on the Listing Date. During the period from the Listing Date up to the date of this announcement, the Company has adopted and complied with all applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The roles of the Chairman and the Chief Executive Officer are separate and performed by Mr. Lin Tsz Fung and Mr. Hui Chi Kwan respectively to ensure a balance of power and authority, so that power is not concentrated in any one individual.

The Board is primarily responsible for overseeing and supervising 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, formulating group policies and business directions, monitoring internal controls and performances, and ensuring transparency and accountability of its operations. The Board has established three committees, namely the audit committee, the remuneration committee and the nomination 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 authorities, and are available for review on the respective website of the Company and the Stock Exchange.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Group's audited annual results for the year ended 31 March 2019 had been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bestmart360.com>). The annual report for the year ended 31 March 2019 will be available on the above websites and despatched to Shareholders in due course.

By order of the Board
Best Mart 360 Holdings Limited
Lin Tsz Fung
Chairman

Hong Kong, 26 June 2019

As at the date of this announcement, the executive Directors are Mr. Lin Tsz Fung and Ms. Hui Ngai Fan, and the independent non-executive Directors are Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun.