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WINSON HOLDINGS HONG KONG LIMITED

永順控股香港有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8421)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Winson Holdings Hong Kong Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Percentage
	2017	2016	Change
	(HK$ million)	*(HK$ million)*	
Revenue	**467.5**	449.8	+3.9%
Gross Profit	**67.3**	68.5	-1.7%
Profit for the year	**8.7**	18.8	-53.9%
Total Assets	**195.4**	139.4	+40.2%
Total Equity	**91.6**	28.8	+218.6%
Key Financial Ratios			
Gross profit margin	**14.4%**	15.2%	
Net profit margin	**1.9%**	4.2%	
Return on equity	**9.5%**	65.4%	
Return on total assets	**4.4%**	13.5%	
Interest coverage ratio	**6.6 times**	11.1 times	
Current ratio	**1.7 times**	1.0 times	
Quick ratio	**1.7 times**	1.0 times	
Gearing ratio	**0.4 times**	1.9 times	

ANNUAL RESULTS

The board (the "**Board**") of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016 ("**FY2016**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	5	**467,513**	449,758
Cost of services		**(400,175)**	(381,282)
Gross profit		**67,338**	68,476
Other income and gains	5	**783**	836
General operating expenses		**(42,070)**	(39,708)
Listing expenses		**(10,387)**	(3,686)
Finance costs		**(2,389)**	(2,332)
Profit before income tax	6	**13,275**	23,586
Income tax expense	7	**(4,596)**	(4,772)
Profit for the year and total comprehensive income for the year attributable to owners of the Company		**8,679**	18,814
Earnings per share	9		
— Basic		**HK1.90 cents**	HK4.18 cents
— Diluted		**HK1.90 cents**	HK4.18 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**35,709**	37,301
Current assets			
Inventories		**30**	27
Trade receivables	10	**82,087**	74,014
Prepayments, deposits and other receivables	11	**5,681**	5,609
Tax recoverable		**493**	5
Cash and cash equivalents		**71,416**	22,410
		159,707	102,065
Current liabilities			
Trade payables	12	**12,154**	10,829
Accruals, deposits and other payables	12	**42,568**	33,372
Bank borrowings		**39,643**	55,380
Tax payable		**—**	2,445
		94,365	102,026
Net current assets		**65,342**	39
Total assets less current liabilities		**101,051**	37,340
Non-current liabilities			
Provision for long service payments		**8,553**	7,643
Deferred tax liabilities		**878**	941
		9,431	8,584
Net assets		**91,620**	28,756
EQUITY			
Share capital	13	**6,000**	—
Reserves		**85,620**	28,756
Total equity		**91,620**	28,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Winson Holdings Hong Kong Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 31 May 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 March 2017 (the "Listing").

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business is Unit Nos. 1, 2, 3, 5, 6, 7 and 8, 10th Floor, One Midtown, No. 11 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company, collectively referred to as the "Group") are engaged in provision of environmental hygiene, pest management, airline catering support and related services in Hong Kong.

The Company's immediate holding company is Sze's Holdings Limited ("Sze's Holdings"), a company incorporated in the British Virgin Islands (the "BVI") and the entire issued share capital of Sze's Holdings is held by Rich Cheer Development Limited, a company incorporated in Hong Kong, as the trustee of a family trust (the "Sze Family Trust"). The Sze Family Trust is a discretionary trust established by Ms. Ng Sing Mui. The beneficiaries of the Sze Family Trust included, *inter alia*, Mr. Sze Wai Lun and Ms. Sze Tan Nei. Rich Cheer Development Limited is deemed or taken to be interested in all the shares beneficially owned by Sze's Holdings.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") except otherwise indicated.

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

2.1 Adoption of new and revised HKFRSs

In the current year, the Group has applied for the first time the following new standards and amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2016.

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

The adoption of these amendments has no material impact on the Group's financial statements.

2.2 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.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Share-based payment: Classification and Measurement of Share-Based Payment transactions[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of the new or revised standards on the Group's financial performance and financial position in the first year of application. Those new or revised HKFRSs that are expected to have impact on the financial statements are set out below.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) would not result in significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2017.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company anticipate that the adoption of HKFRS 15 would not result in significant impact on amounts reported on the Group's financial statements.

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 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.

The total operating lease commitment of the Group in respect of rented premises as at 31 March 2017 amounted to HK$92,000. The directors of the Company anticipate that the adoption of HKFRS 16 would not result in significant impact on the Group's result but expect that the above operating lease commitments will be recognised as right-of-use assets and lease liabilities in the Group's financial statements.

The directors of the Company anticipate that the adoption of other new or revised standards would not result in significant impact on amounts reported in the Group's financial statements.

3. REORGANISATION AND BASIS OF PRESENTATION AND PREPARATION

(a) Reorganisation

Pursuant to a group reorganisation (the "Group Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on the GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 17 February 2017. Details of the Group Reorganisation are set out in the section headed "History, development and reorganisation" to the Prospectus issued by the Company dated 28 February 2017.

(b) Basis of presentation

The Group Reorganisation only involved inserting new holdings entities at the top of an existing company and has not resulted in any change of economic substances.

Upon the completion of the Group Reorganisation, the Company holds the entire equity interests, directly or indirectly, of companies comprising the Group.

Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2017 and 2016 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation or establishment of the companies now comprising the Group, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2017 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date. The assets and liabilities of the Group were combined using their carrying values. All significant intra-group transactions and balances have been eliminated on consolidation.

(c) 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") and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(d) Basis of measurement

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

4. SEGMENT INFORMATION

The information reported to the executive directors of the Company, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. The Group is currently organised into two operating divisions as follows:

(1) Environmental hygiene and related services

(2) Airline catering support services

For the purpose of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than tax recoverable and cash and cash equivalents.

— all liabilities are allocated to operating segments other than bank borrowings and tax payable.

— all profit or loss are allocated to operating segments other than directors' emoluments, finance costs, income tax expense and certain other expenses incurred for strategic planning by the Group.

For the year ended 31 March 2017

	Environmental hygiene and related services *HK$'000*	**Airline catering support services** *HK$'000*	**Total** *HK$'000*
Revenue			
Sales to external customers	**432,619**	**34,894**	**467,513**
Segment results	**30,970**	**3,977**	**34,947**
Directors' emoluments			**(8,896)**
Listing expenses			**(10,387)**
Finance costs			**(2,389)**
Profit before income tax			**13,275**
Income tax expense			**(4,596)**
Profit for the year			**8,679**
Segment assets	**120,038**	**3,469**	**123,507**
Tax recoverable			**493**
Cash and cash equivalents			**71,416**
Total assets			**195,416**
Segment liabilities	**61,848**	**2,305**	**64,153**
Bank borrowings			**39,643**
Total liabilities			**103,796**
Other segment information			
Depreciation	**(3,448)**	**—**	**(3,448)**
Additions to non-current assets	**1,873**	**—**	**1,873**

For the year ended 31 March 2016

	Environmental hygiene and related services *HK$'000*	Airline catering support services *HK$'000*	Total *HK$'000*
Revenue			
Sales to external customers	415,275	34,483	449,758
Segment results	31,937	5,055	36,992
Directors' emoluments			(7,388)
Listing expenses			(3,686)
Finance costs			(2,332)
Profit before income tax			23,586
Income tax expense			(4,772)
Profit for the year			18,814
Segment assets	113,404	3,547	116,951
Tax recoverable			5
Cash and cash equivalents			22,410
Total assets			139,366
Segment liabilities	50,521	2,264	52,785
Bank borrowings			55,380
Tax payable			2,445
Total liabilities			110,610
Other segment information			
Depreciation	(3,450)	—	(3,450)
Additions to non-current assets	2,425	—	2,425

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, Hong Kong is regarded as the Group's place of domicile. All the Group's revenue and non-current assets are attributable to Hong Kong for the years ended 31 March 2017 and 2016, being the single geographical region.

The geographical location of customers is based on the location at which the services were provided. All the Group's revenue from external customers is sourced from Hong Kong.

Revenue from customers which individually contributed 10% or more of the Group's revenue, are set out as follows:

	2017 *HK$'000*	2016 *HK$'000*
Customer A *(note 1)*	**176,065**	167,547
Customer B *(note 2)*	**54,469**	52,397

Notes:

(1) It is a customer for environmental hygiene and related services for the years ended 31 March 2017 and 2016.

(2) For the year ended 31 March 2017, revenue of HK$27,701,000 was generated from environmental hygiene and related services while revenue of HK$26,768,000 was generated from airline catering support services for this customer.

For the year ended 31 March 2016, revenue of HK$25,814,000 was generated from environmental hygiene and related services while revenue of HK$26,583,000 was generated from airline catering support services for this customer.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the income from environmental hygiene, airline catering support and related services rendered.

(a) The Group's revenue recognised during the year are as follows:

	2017 *HK$'000*	2016 *HK$'000*
Revenue:		
Environmental hygiene and related services	**432,619**	415,275
Airline catering support services	**34,894**	34,483
	467,513	449,758

(b) The Group's other income and gains recognised during the year are as follows:

	2017 *HK$'000*	2016 *HK$'000*
Other income and gains:		
Gain on disposal of property, plant and equipment	**—**	258
Sales of scrap materials	**558**	578
Sundry income	**225**	—
	783	836

6. PROFIT BEFORE INCOME TAX

Profit before income tax for the year has been arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**560**	280
Cost of inventories recognised as expenses	**14,647**	14,188
Depreciation	**3,448**	3,450
Written off of trade receivables	**—**	46
Loss/(gain) on disposal of property, plant and equipment	**17**	(258)
Minimum lease payments under operating leases:		
— Land and buildings for staff quarters	**222**	208
Employee costs (including directors' remuneration):		
— Wages, salaries and allowances	**299,676**	298,159
— Retirement scheme contributions	**13,232**	12,758
— Share-based compensation	**18**	—
	312,926	310,917

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for both years.

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax	**4,367**	4,701
Current tax — under-provision in prior years	**292**	—
Deferred taxation	**(63)**	71
	4,596	4,772

8. DIVIDEND

No dividend has been paid or declared by the Company during the period from 31 May 2016 (the "date of incorporation") to 31 March 2017 nor has any dividend been declared since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation of basic and diluted earnings per share is based on the following information:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**8,679**	18,814

	2017	2016
	'000	*'000*
Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**456,164**	450,000

Weighted average of 450,000,000 ordinary shares for the year ended 31 March 2016, being the number of ordinary shares in issue pursuant to the Group Reorganisation as set out in note 13(b) and the immediately after the completion of capitalisation issue in February 2017 as set out in note 13(c), deemed to have been effective on 1 April 2015.

The computation of diluted earnings per share for the year ended 31 March 2017 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the year.

Diluted earnings per share are the same as the basic earnings per share for the year ended 31 March 2016 as the Group had no potential dilutive ordinary shares during the year.

10. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**82,087**	74,014

Trade receivables are denominated in Hong Kong Dollars for both years.

The credit terms of the trade receivables are ranged from 0 to 75 days (2016: 0 to 75 days) from the date of billing.

The ageing analysis of trade receivables based on the invoice date, as of the end of the reporting period is as follow:

	2017	2016
	HK$'000	*HK$'000*
Within one month	**40,285**	38,887
One to three months	**37,098**	33,094
More than three months	**4,704**	2,033
	82,087	74,014

As at 31 March 2017, trade receivables of HK$7,061,000 were subject to assignment and charge arrangement (2016: HK$7,614,000) in which specific debtors are assigned to the bank to secure the bank loans to the Group and trade receivables of HK$16,079,000 (2016: HK$14,429,000) have been pledged to banks to secure the banking facilities of the Group.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Prepayments for consumables	**35**	21
Other prepayments	**4,022**	5,115
Deposits	**1,503**	263
Other receivables	**121**	210
	5,681	5,609

12. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**12,154**	10,829
Accrued staff costs	**25,703**	24,253
Other accrued expenses *(note (b))*	**15,185**	7,993
Other payables	**1,158**	859
Deposits	**522**	267
	42,568	33,372

Notes:

(a) Trade payables are denominated in Hong Kong Dollars for both years.

The ageing analysis of trade payables based on the invoice date as of the end of the reporting period is as follow:

	2017	2016
	HK$'000	*HK$'000*
Within one month	**12,003**	10,536
One to three months	**129**	288
More than three months	**22**	5
	12,154	10,829

(b) As at 31 March 2017, other accrued expenses mainly represented the accrued listing expenses, accrued untaken paid leave and accrued finance costs (2016: accrued untaken paid leave and accrued finance costs).

13. SHARE CAPITAL

	Notes	***Number of shares***	*HK$'000*
Authorised:			
Shares of HK$0.01 each			
Initial authorised share capital upon incorporation	*(a)*	**38,000,000**	380
Increase in authorised shares	*(a)*	**9,962,000,000**	99,620
At 31 March 2017		**10,000,000,000**	100,000

		Number of shares	*HK$'000*
Issued and fully paid:			
Shares of HK$0.01 each			
Issue of one ordinary share upon incorporation	*(a)*	**1**	—
Issue of shares upon the Group Reorganisation	*(b)*	**999,999**	10
Capitalisation issue of shares	*(c)*	**449,000,000**	4,490
Issue of shares on placing and public offer	*(d)*	**150,000,000**	1,500
At 31 March 2017		**600,000,000**	6,000

Notes:

(a) The Company was incorporated on 31 May 2016 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one nil-paid share was allotted and issued.

Pursuant to the written resolutions of the sole shareholder dated 21 February 2017, the Company increased its authorised share capital from HK$380,000 to HK$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of HK$0.01 each.

(b) Pursuant to the Group Reorganisation, on 17 February 2017, the Company acquired the entire issued share capital of Winson Group Hong Kong Limited from Sze's Holdings for the consideration to be satisfied by (i) the issue and allotment of an aggregate of 999,999 new shares in the Company, credited as fully paid, to Sze's Holdings; and (ii) crediting as fully paid at par the one initial nil-paid subscriber share transferred to Sze's Holdings.

(c) Pursuant to the written resolutions of the sole shareholder dated 23 February 2017, 449,000,000 ordinary shares of HK$0.01 each were issued at par to the sole shareholder of the Company by way of capitalisation of HK$4,490,000 from the Company's share premium account.

(d) On 16 March 2017, the shares of the Company were listed on the GEM of the Stock Exchange. 150,000,000 ordinary shares at an offer price of HK$0.42 each have been issued through placing and public offer.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a total revenue of HK$467.5 million (FY2016: HK$449.8 million) for the year ended 31 March 2017. In the face of rising cost of labour, the Group managed to achieve stable gross profit at HK$67.3 million (FY2016: HK$68.5 million), while the gross profit margin of 14.4% only recorded a slight decrease (FY2016: 15.2%). Profit for the year amounted to HK$8.7 million as against HK$18.8 million for last year, while net profit margin reached 1.9%. If taking out the listing expenses, net profit margin would be 4.1% (FY2016: 4.2% and approximately 5.0% excluding listing expenses). The Group remained in a healthy financial position, with cash and cash equivalents of HK$71.4 million.

Business Segment Analysis

Environmental Hygiene Services

The Group provides environmental hygiene services and its services include public area and office cleaning, waste disposal, as well as specialised services such as external curtain wall and window cleaning, marble floor maintenance and restoration and pest management services.

Environmental hygiene services remained the principal revenue contributor of the Group, generating revenue of HK$432.6 million (FY2016: HK$415.3 million) and accounting for 92.5% of total revenue for the year ended 31 March 2017 (FY2016: 92.3%). Gross profit of HK$62.4 million was recorded as against HK$62.3 million for last year, with gross profit margin at 14.4% (FY2016: 15.0%). As at 31 March 2017, the estimated total value of the Group's contracts in hand was approximately HK$772.6 million, of which HK$356.1 million was ongoing contracts. Furthermore, the Group had won 112 new contracts worth approximately HK$358.2 million in aggregate.

The environmental hygiene services industry is highly fragmented, the majority of which are small in scale with less than 50 workers and have limited scope of services. In contrast, the Group is one of the top ten service providers in Hong Kong — ranked 6th[1] in 2015 with 3.8%[1] market share based on revenue; possesses diverse expertise; and has approximately 2,500 full-time and part-time staff serving well over 800 customers, comprising owners and management companies, a mass transit transportation operator and the Hong Kong Government.

Leveraging a history that stretches over 34 years, a respected brand in the name of "Winson", a highly experienced management team and a dedicated workforce, the Group has continued to expand its scope of services, bolster its client base and deliver ever higher quality services. In the past year, revenue has risen principally due to customers of office and commercial centres. It has also attracted clients from both the public and private sectors, the former comprise recreation centres, while the latter include the management of shopping malls located in the central business district. However, with rising statutory

[1] *Source: Frost & Sullivan Report*

minimum wage and being labour intensive industry, the Group's profit has been impacted. Nevertheless, the management has remained resolute in controlling labour and other costs so as to maintain the Group's competitiveness and bolster its market position.

Airline Catering Support Services

Leverage the Group's existing client base, the management has been exploring new business opportunities and extending the service from environmental hygiene services to airline catering support services since 2013. Since then, the airline catering support services business continued to develop favourably during the year under review, with revenue rising by 1.2% year on year to HK$34.9 million (FY2016: HK$34.5 million) and thus accounting for 7.5% (FY2016: 7.7%) of total revenue of the Group. Gross profit of HK$5.0 million was recorded against HK$6.2 million reported last year, with gross profit margin hovering at 14.2% (FY2016: 18%).

As at 31 March 2017, the estimated total value of the Group's contracts in hand amounted to approximately HK$66.7 million, of which HK$50.0 million was ongoing contracts.

Prospects

Going forward, the management is cautiously optimistic about the development of the Group's two business segments. Such an outlook is based on its awareness of public concerns for environmental hygiene. Furthermore, a healthy tourism industry and the increase in local and international firms establishing offices in Hong Kong are also factors that will continue to stimulate demand for high-quality hygiene services. In respect of airline catering support services, demand will be driven by steadily rising passenger volume as domestic residents continue to willingly spend more of their income on leisure travel. In addition, with fierce competition in the civil aviation industry, airlines are placing greater focus on in-flight services to achieve market differentiation, which includes providing quality catering.

The Group will seek to capitalise on the aforementioned developments by fully exploiting its competitive edges of strong leadership, longstanding business ties, rich history, renowned brand name and exceptional workforce. It will also prudently use the financial resources generated from its GEM listing for increasing penetration of the environmental hygiene and airline catering industries, including through greater promotion of the Winson brand. Furthermore, the management will allocate resources for enhancing the Group information technology system so as to raise service quality and strengthen operational efficiency, the latter being particular relevant in view of labour cost pressure that is expected to persist in the foreseeable future.

The management is committed to providing end-to-end services that encourage further bolstering of ties with its customers — entering preferred vendor lists — and facilitate consolidation in relevant markets. In addition, it will capitalise on its quality services to move towards premium market segments where it can generate greater profits. Also, now being a listed company, the Group will strive to deliver favourable returns to shareholders through responsible management and effectual expansion.

Financial Review

Revenue

The Group's revenue for the years ended 31 March 2016 and 31 March 2017 was approximately HK$449.8 million and HK$467.5 million respectively, representing an increase of approximately 4% which mainly due to increase of additional contracts. The Group's tender success rate for the year ended 31 March 2016 was approximately 23.4% as compared to approximately 24.1% for the year ended 31 March 2017.

Cost of Services

For the years ended 31 March 2016 and 31 March 2017, the cost of services of the Group amounted to approximately HK$381.3 million and HK$400.2 million respectively, representing approximately 84.8% and 85.6% of the Group's revenue for the corresponding years. The Group's cost of services comprised direct wages, consumables and sub-contracting fees. The slightly increase of cost of services in proportion to the Group's revenue was mainly due to increase in direct wages due to tight labour market and increase in sub-contracting fees.

Gross Profit and Gross Profit Margin

The Group's gross profit slightly decreased by approximately HK$1.1 million from approximately HK$68.5 million for the year ended 31 March 2016 to approximately HK$67.3 million for the year ended 31 March 2017. The gross profit margin for the years ended 31 March 2016 and 31 March 2017 was approximately 15.2% and 14.4% respectively. As mentioned above, the decrease was mainly due to increase in direct wages and sub-contracting fees.

General Operating Expenses

The general operating expenses increased by approximately HK$2.4 million, or approximately 6% to HK$42.1 million for the year ended 31 March 2017, as compared with approximately HK$39.7 million for the year ended 31 March 2016. Such increase was mainly due to increase of salaries and allowances expenses.

Finance Costs

The finance costs of the Group was approximately HK$2.3 million and HK$2.4 million for the years ended 31 March 2016 and 31 March 2017 respectively, representing approximately 0.5% of the Group's revenue of both years ended 31 March 2016 and 31 March 2017.

Profit and Total Comprehensive Income for the Year Attributable to Owners of the Company

Based on the aforesaid, the Group's profit and total comprehensive income attributable to owners of the Company for each of the years ended 31 March 2016 and 31 March 2017 was approximately HK$18.8 million and HK$8.7 million respectively, representing of approximately 1.9% and 4.2% of the respective year's total revenue. By excluding listing expenses, the Group's profit attributable to owners of the Company would be approximately HK$19.1 million for the year ended 31 March 2017 (FY2016: approximately HK$22.5 million).

Liquidity and Financial Resources and Capital Structure

As at 31 March 2017, the Group's total current assets and current liabilities were approximately HK$159.7 million (31 March 2016: HK$102.1 million) and HK$94.4 million (31 March 2016: HK$102.0 million) respectively, while the current ratio was approximately 1.7 times (31 March 2016: approximately 1.0 times).

The Group had total assets of approximately HK$195.4 million which is financed by total liabilities and total equity of approximately HK$103.8 million and HK$91.6 million respectively. As at 31 March 2017, the Group had cash and cash equivalents of approximately HK$71.4 million (31 March 2016: approximately HK$22.4 million).

As at 31 March 2017, the Group has aggregate banking facilities of approximately HK$116.2 million. The Group's gearing ratio was 0.43 times as at 31 March 2017 (31 March 2016: 1.92 times), which was calculated based on the total bank borrowings over total equity of the Group.

There was no change to the Group's capital structure since the listing (the "**Listing**") of the shares of the Company (the "**Shares**") on GEM, being 16 March 2017 (the "**Listing Date**"), and up to 31 March 2017. As at 31 March 2017, the issued share capital of the Company was HK$6,000,000 divided into 600,000,000 shares of HK$0.01 each.

Capital Expenditure

During the year ended 31 March 2017, the Group's capital expenditure which mainly included purchase of motor vehicle and equipment amounted to approximately HK$1.9 million (FY2016: HK$2.4 million). These capital expenditures were funded by funds generated from our operating activities.

Employees, Training and Remuneration Policies

As at 31 March 2017, the Group had 2,500 (31 March 2016: 2,565) employees. The Group enters into separate employment contracts with each of the Group's employees in accordance with the applicable employment laws in Hong Kong. The remuneration package includes basic salary, bonuses and other cash allowances or subsidies. The Group conducts annual review on salary, bonuses and promotions based on the performance of each employee. The total staff costs and related expenses (including directors' remuneration) for the year ended 31 March 2017 were approximately HK$312.9 million, which was a slight increase of approximately 0.6% or approximately HK$2.0 million as compared with approximately HK$310.9 million for the year ended 31 March 2016.

Apart from basic remuneration, share options have been granted under the pre-IPO share option scheme to recognise the contribution to the Group by an executive Director and certain employees of the members of the Group. Further share options may be granted under share option scheme to attract and retain the best available personnel, provide additional incentive to employees (full-time and part-time), as well as promote the success of the business of the Group.

In order to provide quality services to customers, the Group provides on-going training regularly to relevant staff across different departments with topics including but not limited to information technology, environmental protection, ISO training, safety training as well as trainings for supervisory roles, etc. Such trainings are either provided internally or by external parties.

Foreign Exchange Exposure

Since the Group generated most of the revenue and incurred most of the costs in Hong Kong dollars for the year ended 31 March 2017, there was no significant exposure to foreign exchange rate and the Group did not maintain any hedging policy against foreign exchange risk. The management will consider hedging significant currency exposure should the need arise.

Contingent Liabilities

The contingent liabilities of the Group is the exposure of the fine from the actual use of the leasehold land and buildings does not comply with the permitted use and breach of section 25(1) of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) for failure to notify the Building Department regarding the change of land use. As at 31 March 2016 and 31 March 2017, pursuant to section 40(2) of the Buildings Ordinance, the maximum exposure of the fine is approximately to HK$0.1 million.

Charge Over Group's Assets

As at 31 March 2017, approximately HK$23.1 million of trade receivables were assigned and charged for secured the banking facilities (31 March 2016: HK$22.0 million).

The Group's leasehold land and buildings of carrying value of approximately HK$30.2 million as at 31 March 2017 (31 March 2016: HK$31.2 million), were pledged to secure the bank loan.

Capital Commitments

As at 31 March 2017, the Group had capital commitments of approximately HK$0.2 million (31 March 2016: nil) in respect of the acquisition of property, plant and equipment authorised but not contracted for.

Material Acquisitions and Disposals

Save as the reorganisation as disclosed in the prospectus of the Company dated 28 February 2017 (the "**Prospectus**"), the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2017.

Significant Investments Held

The Group did not have any significant investment held as at 31 March 2017.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments or capital assets as of 31 March 2017.

Use of Proceeds and Comparison of Business Objectives with Actual Business Progress

The net proceeds from the Listing on the Listing Date was approximately HK$40.1 million, after deducting listing related expenses. The actual net proceeds from the listing was different from the estimated net proceeds of approximately HK$45.5 million as set out in the Prospectus and approximately HK$41.3 million as set out in the announcement of the Company in relation to the allotment results dated 15 March 2017 (the "**Allotment Results Announcement**").

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Allotment Results Announcement, which is (i) approximately 45% of the net proceeds, representing approximately HK$18.1 million for strengthening the Group's available financial resources to finance cash flow mismatch under the tender contracts, (ii) approximately 7% of the net proceeds, representing approximately HK$2.8 million for increasing the market penetration by strengthen the promotion of the Group's brand, (iii) approximately 19% of the net proceeds, representing approximately HK$7.6 million for strengthening the established position in the environmental services industry in Hong Kong, (iv) approximately 19% of the net proceeds, representing approximately HK$7.6 million for enhancing the information technology system to strengthen operational efficiency and service qualities, (v) approximately 10% of the net proceeds, representing HK$4.0 million for the use as general working capital of the Group. As of 31 March 2017, the Company was carrying out preliminary work for the implementation of its business objectives and strategies as disclosed in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Shares were listed on GEM on 16 March 2017. During the period under review (i.e. from the Listing Date to 31 March 2017) (the "**Period Under Review**"), neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

Save for the deviation of Code A.2.1 of the CG Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the Period Under Review and the Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the GEM Listing Rules.

Chairperson and Chief Executive Officer

Up to the date of this results announcement, the Company has not appointed a chief executive officer and the role and functions of chief executive officer have been performed by all the executive Directors, including the Chairperson, collectively. The Board considered this has the advantages of allowing contributions from all executive Directors with different expertise and will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "**Audit Committee**") on 21 February 2017 with written terms of reference in compliance with the CG Code. The Audit Committee comprises four independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Yuen Ching Bor Stephen, Mr. Ma Kwok Keung and Mr. Chan Chun Sing with Mr. Chung Koon Yan being the chairman of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems, and review of the Group's financial information.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2017 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the GEM Listing Rules, other applicable legal requirements and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

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 2017 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on the results announcement.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 25 August 2017 ("**2017 AGM**"), the register of members of the Company will be closed from Monday, 21 August 2017 to Friday, 25 August 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2017 AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 August 2017.

By Order of the Board
Winson Holdings Hong Kong Limited
Ng Sing Mui
Chairperson and Executive Director

Hong Kong, 7 June 2017

As at the date of this announcement, the executive Directors are Madam Ng Sing Mui, Ms. Sze Tan Nei, Mr. Ang Ming Wah and Mr. Sze Wai Lun; and the independent non-executive Directors are Mr. Yuen Ching Bor Stephen, Mr. Chung Koon Yan, Mr. Ma Kwok Keung, Mr. Wong Yat Sum and Mr. Chan Chun Sing.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.winsongrouphk.com.