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 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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		
	2019	2018	Percentage Change
	(HK$ million)	*(HK$ million)*	
Key Financial Figures			
Revenue	**537.3**	508.1	5.8%
Gross Profit	**79.6**	76.9	3.5%
Profit for the year	**20.8**	21.8	–4.6%
Total Assets	**191.7**	186.1	3.0%
Total Equity	**124.2**	113.4	9.5%
Key Financial Ratios			
Gross profit margin	**14.8%**	15.1%	
Net profit margin	**3.9%**	4.3%	
Return on equity	**16.8%**	19.2%	
Return on total assets	**10.9%**	11.7%	
Dividend payout ratio	**48.2%**	46.0%	
Interest coverage ratio	**55.0 times**	27.0 times	
Current ratio	**2.8 times**	2.4 times	
Quick ratio	**2.8 times**	2.4 times	
Gearing ratio	**0.1 times**	0.2 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 2019 ("**FY2019**"), together with the comparative figures for the year ended 31 March 2018 ("**FY2018**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**537,324**	508,106
Cost of services		**(457,769)**	(431,216)
Gross profit		**79,555**	76,890
Other income and gains	*4*	**740**	687
General operating expenses		**(53,794)**	(49,655)
Finance costs		**(482)**	(1,035)
Profit before income tax	*5*	**26,019**	26,887
Income tax expense	*6*	**(5,177)**	(5,083)
Profit for the year and total comprehensive income for the year attributable to owners of the Company		**20,842**	21,804
Earnings per share	*8*		
— Basic		**HK3.47 cents**	HK3.63 cents
— Diluted		**HK3.47 cents**	HK3.63 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**36,001**	37,188
Prepayments	*10*	**—**	292
		36,001	37,480
Current assets			
Inventories		**14**	11
Trade receivables	*9*	**114,497**	100,180
Prepayments, deposits and other receivables	*10*	**7,263**	8,928
Tax recoverable		**67**	12
Cash and cash equivalents		**33,844**	39,488
		155,685	148,619
Current liabilities			
Trade payables	*11*	**14,710**	12,790
Accruals, deposits and other payables	*11*	**30,069**	30,495
Bank borrowings		**9,364**	17,533
Tax payable		**1,614**	1,549
		55,757	62,367
Net current assets		**99,928**	86,252
Total assets less current liabilities		**135,929**	123,732
Non-current liabilities			
Provision for long service payments		**10,480**	9,076
Deferred tax liabilities		**1,258**	1,216
		11,738	10,292
Net assets		**124,191**	113,440
EQUITY			
Share capital		**6,000**	6,000
Reserves		**118,191**	107,440
Total equity		**124,191**	113,440

NOTES

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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 March 2017.

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 Suite 2702, 27th Floor, Tower 2, Nina Tower, No. 8 Yeung Uk 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 provision of environmental hygiene and related services and airline catering support services in Hong Kong.

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 2018.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Other than as noted below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRS 9 — Financial Instruments ("HKFRS 9")

HKFRS 9 replaces Hong Kong Accounting Standard ("HKAS") 39 "Financial Instruments: Recognition and Measurement" for the Group's annual periods beginning on or after 1 April 2018. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) impairment and (3) general hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the adjustments to the amount recognised in the consolidated financial statements.

(i) *Classification and measurement of financial assets and financial liabilities*

HKFRS 9 basically retains the existing requirements in HKAS 39 for classification and measurement of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), the Group shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income; or (iii) financial assets at FVPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The accounting policies would be applied to the Group's financial assets as follows:

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original classification under HKAS 39 and the new classification under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amounts as at 31 March 2018 under HKAS 39** *HK$'000*	**Carrying amounts as at 1 April 2018 under HKFRS 9** *HK$'000*
Trade receivables	Loans and receivables	Amortised cost	100,180	100,109
Deposits and other receivables	Loans and receivables	Amortised cost	3,383	3,383
Cash and cash equivalents	Loans and receivables	Amortised cost	39,488	39,488

The following tables summarised the impact of transition to HKFRS 9 on the opening balance of retained profits as of 1 April 2018:

	Notes	*HK$'000*
Retained profits		
Retained profits as at 31 March 2018		38,312
Recognition of additional expected credit losses on:		
— trade receivables	*2.1(ii)*	(71)
Restated retained profits as at 1 April 2018		38,241

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECL") model".

HKFRS 9 requires the Group to recognised ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Except trade receivables, the impairment of other financial assets measured at amortised cost that are subject to ECL model is immaterial at the date of transition.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECL: these are the ECL that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortised cost, the ECL are based on the 12-month ECL. The 12-month ECL is the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or (2) the financial asset is more than 90 days past due.

Despite the aforegoing, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's financial assets on that date that are subject to ECL requirements for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact are as follows:

- The increase in impairment allowance for trade receivables upon the transition to HKFRS 9 as of 1 April 2018 were approximately HK$71,000. The adjustment to the opening retained profits as at 1 April 2018 amounted to HK$71,000.

- Other financial assets of the Group included deposits and other receivables and cash and cash equivalents. The effect of applying the ECL model on 1 April 2018 was insignificant.

The following table reconciles the impairment allowance measured in accordance with HKAS 39 (under incurred loss model) as at 31 March 2018 to the new impairment allowance measured in accordance with HKFRS 9 (under ECL model) as at 1 April 2018:

	Impairment allowances under HKAS 39	Effect of adoption of HKFRS 9	Impairment allowance under HKFRS 9
	HK$'000	*HK$'000*	*HK$'000*
Impairment allowances on:			
— trade receivables	—	71	71

(iii) *Transition*

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

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

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates and enhances an asset that the customer controls as the Group performs; or

— do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

— direct measurements of the value transferred by the Group to the customer; or

— the Group's efforts or inputs to the satisfaction of the performance obligation.

Under the requirement of HKFRS 15, revenue from sale of goods and provision of services by the Group will be recognised when the customer obtained control of the promised goods or services in the contract. For the contract related to the provision of routine services, service income is recognised over time on a straight-line basis over the contract terms as the work is performed. For services that are provided on ad-hoc basis, service income is recognised at a point in time upon completion of the provision of such ad-hoc services. The directors of the Company have assessed and considered the adoption of HKFRS 15 does not have a significant impact on the timing of revenue recognition of the Group from provision of services.

Incremental costs incurred directly attributable to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

The Group has reassessed its business model and contract terms to assess the effects of applying the new standard on the Group's financial statements. The management of the Group considered that HKFRS 15 did not result in significant impact on the Group's accounting policies.

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group has completed the assessment of the impact of HKFRS 15, which has no material impact on the Group. No contract asset and contract liability is recognised upon transition.

The Group has elected to use the cumulative effect transition method by recognising any impact on the initial application as an adjustment to the opening retained profits as at 1 April 2018 with no practical expedient under HKFRS 15 being applied. Therefore, comparative information would not be restated and continue to be reported under HKAS 18. As allowed under HKFRS 15, the Group has applied the new requirement only to contracts that were not completed before 1 April 2018.

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.

HKAS 19	Plan Amendment, Curtailment or Settlement (amendments)[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting[2]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020

Other than as noted below, the directors of the Company anticipate that the adoption of the other new or revised standards would not result in significant impact on amounts reported in 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 2019 amounted to HK$765,000. 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.

3. SEGMENT INFORMATION

The information reported to the executive directors of the Company, who are the chief operating decision makers for the purpose of resources 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 income and expenses incurred by the head office.

For the year ended 31 March 2019

	Environmental hygiene and related services *HK$'000*	Airline catering support services *HK$'000*	Total *HK$'000*
Revenue			
Sales to external customers			
— recognised over time	**485,670**	**38,553**	**524,223**
— recognised at point in time	**13,101**	**—**	**13,101**
	498,771	**38,553**	**537,324**
Segment results	**36,566**	**3,431**	**39,997**
Directors' emoluments			**(10,193)**
Finance costs			**(482)**
Unallocated corporate income and expenses, net			**(3,303)**
Profit before income tax			**26,019**
Income tax expense			**(5,177)**
Profit for the year			**20,842**
Segment assets	**152,463**	**5,312**	**157,775**
Tax recoverable			**67**
Cash and cash equivalents			**33,844**
Total assets			**191,686**
Segment liabilities	**54,276**	**2,241**	**56,517**
Bank borrowings			**9,364**
Tax payable			**1,614**
Total liabilities			**67,495**
Other segment information			
Depreciation	**(5,044)**	**—**	**(5,044)**
Additions to non-current assets	**3,909**	**—**	**3,909**

For the year ended 31 March 2018

	Environmental hygiene and related services *HK$'000*	Airline catering support services *HK$'000*	Total *HK$'000*
Revenue			
Sales to external customers	467,745	40,361	508,106
Segment results	36,094	3,420	39,514
Directors' emoluments			(10,459)
Finance costs			(1,035)
Unallocated corporate income and expenses, net			(1,133)
Profit before income tax			26,887
Income tax expense			(5,083)
Profit for the year			21,804
Segment assets	142,980	3,619	146,599
Tax recoverable			12
Cash and cash equivalents			39,488
Total assets			186,099
Segment liabilities	50,969	2,608	53,577
Bank borrowings			17,533
Tax payables			1,549
Total liabilities			72,659
Other segment information			
Depreciation	(3,748)	—	(3,748)
Additions to non-current assets	5,237	—	5,237

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 2019 and 2018, 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:

	2019	2018
	HK$'000	*HK$'000*
Customer A *(note 1)*	**171,100**	173,798
Customer B *(note 2)*	**58,220**	58,227

Notes:

(1) It is a customer for environmental hygiene and related services for the years ended 31 March 2019 and 2018.

(2) For the year ended 31 March 2019, revenue of HK$28,837,000 was generated from environmental hygiene and related services while revenue of HK$29,383,000 was generated from airline catering support services for this customer.

For the year ended 31 March 2018, revenue of HK$27,205,000 was generated from environmental hygiene and related services while revenue of HK$31,022,000 was generated from airline catering support services for this customer.

4. REVENUE AND OTHER INCOME AND GAINS

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

(a) Set out below is the disaggregation of the Group's revenue from major services. The Group's revenue recognised within the scope of HKFRS 15 are as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue:		
Environmental hygiene and related services	**498,771**	467,745
Airline catering support services	**38,553**	40,361
	537,324	508,106

Note: During the year ended 31 March 2019, the Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information for the year ended 31 March 2018 is not restated and was prepared in accordance with HKAS 18.

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

	2019	2018
	HK$'000	*HK$'000*
Other income and gains:		
Bank interest income	**6**	3
Gain on disposal of property, plant and equipment	**—**	100
Sales of scrap materials	**665**	527
Rental income	**69**	—
Sundry income	**—**	57
	740	687

5. PROFIT BEFORE INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration		
— audit services	**560**	560
— non-audit services	**280**	180
	840	740
Cost of inventories recognised as expenses	**16,104**	14,203
Depreciation	**5,044**	3,748
Loss/(gain) on disposal of property, plant and equipment	**52**	(100)
Impairment on trade receivables	**54**	—
Minimum lease payments under operating leases for land and buildings:		
— staff quarters	**280**	245
— office	**1,152**	576
	1,432	821
Employee costs (including directors' remuneration):		
— Wages, salaries and allowances	**296,488**	306,473
— Retirement scheme contributions	**12,926**	13,297
— Share-based compensation	**—**	16
	309,414	319,786

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rate regime, the first HK$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK$2,000,000 are taxed at 16.5% (2018: flat rate of 16.5%).

	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax	**5,157**	4,800
Current tax — over-provision in prior years	**(22)**	(55)
Deferred taxation	**42**	338
	5,177	5,083

7. DIVIDENDS

(a) Dividends attributable to the year:

	2019	2018
	HK$'000	*HK$'000*
Proposed final dividend of HK1.67 cents (2018: HK1.67 cents) per ordinary share	**10,020**	10,020

The final dividends proposed after the reporting date for the years ended 31 March 2019 and 2018 were not recognised as a liability at the reporting date. In addition, the final dividend is subject to the shareholders' approval in the forthcoming annual general meeting.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2019	2018
	HK$'000	*HK$'000*
Final dividend paid in respect of prior year — HK1.67 cents (2018: nil) per ordinary share	**10,020**	—

8. 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 years.

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**20,842**	21,804

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**600,000**	600,000

The calculation of basic earnings per share for the year ended 31 March 2019 is based on the profit for the year attributable to owners of the Company of HK$20,842,000 (2018: HK$21,804,000) and on the weighted average number of ordinary shares of 600,000,000 (2018: 600,000,000) in issue during the year ended 31 March 2019.

The calculation of diluted earnings per share for the years ended 31 March 2019 and 2018 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 both years.

9. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, net of loss allowance	**114,497**	100,180

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

The credit terms of the trade receivables are ranged from 0 to 60 days (2018: 0 to 75 days) from the invoice date.

The ageing analysis of trade receivables based on the invoice date and net of loss allowance as of the end of the reporting period is as follow:

	2019	2018
	HK$'000	*HK$'000*
Within one month	**47,162**	44,721
One to three months	**54,383**	47,575
More than three months	**12,952**	7,884
	114,497	100,180

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Non-current:		
Prepayments for purchase of property, plant and equipment	**—**	292
Current:		
Prepayments for consumables	**95**	90
Other prepayments	**6,331**	5,455
Deposits	**667**	673
Other receivables	**170**	2,710
	7,263	8,928

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**14,710**	12,790
Accrued staff costs	**23,742**	23,581
Other accrued expenses *(note (b))*	**5,450**	5,325
Other payables	**299**	851
Deposits	**578**	738
	30,069	30,495

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:

	2019	2018
	HK$'000	*HK$'000*
Within one month	**4,756**	9,063
One to three months	**9,172**	3,113
More than three months	**782**	614
	14,710	12,790

(b) As at 31 March 2019 and 2018, other accrued expenses mainly represented the accrued untaken paid leave.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's business performance for the FY2019 remained largely stable from the FY2018. Revenue from environmental hygiene and related services recorded an year-on-year increase of approximately 6.6% whereas revenue from airline catering support services declined slightly by approximately 4.5%; the Group's total revenue for the FY2019 was approximately HK$537.3 million, representing a growth of approximately 5.8% or approximately HK$29.2 million from the FY2018.

Business Segment Analysis

Environmental Hygiene and Related Services

During the FY2019, the Group entered into 18 new contracts and 68 renewal of contracts for environmental hygiene and related services with estimated total value of approximately HK$84.2 million and approximately HK$422.5 million respectively. The Group's tender success rate and contracts renewal rate for the FY2019 in the environmental hygiene and related services segment was approximately 34.4% and approximately 85% respectively. The high contracts renewal rate signifies customers' satisfaction with the Group's service quality and pricing. Amongst the new contracts secured are for servicing the headquarter building and substantial majority of administration buildings of a mass transit operator, club buildings of a world-renowned sports club, branches of a local bank, the Hong Kong flagship store of a worldwide luxury goods manufacturer and retailer, and a number of upscale commercial buildings in the central business district. Other than general hygiene service, the Group paid particular attention to projects that involve premium services, such as those requiring technical expertise and/or specialised tools and equipment which the Group possessed with an aim to enhance not only its revenue and competitiveness, but also the Group's reputation and market penetration. As a result of aforesaid factors, the Group's estimated value of contracts in hand as at 31 March 2019 surpassed the HK$1 billion mark to approximately HK$1,036.7 million, of which approximately HK$630.7 million was ongoing contracts.

Airline Catering Support Services

During the FY2019, no new contracts had been entered into, and the estimated total value of contract renewal was approximately HK$25.9 million. In addition, the Group observed that certain simple and repetitive procedures involved in airline catering support services are gradually being replaced by mechanised process, which contributed to the slight decline in the Group's revenue in this business segment in the FY2019. Furthermore, the specific location at which the airline catering support services operates rendered difficulty on staff recruitment and pressure on labour cost and profit margin. The Group will pay extra attention in cost control and its pricing policy when negotiating for contracts in the airline catering support services in order to counteract the effects of mechanisation and labour constraint.

The estimated value of airline catering support contracts in hand as at 31 March 2019 decreased to approximately HK$27.5 million, as the remaining contracts in hand are due for renewal in the year ending 31 March 2020.

More detailed analysis on the financial performance of the Group is set out in the financial review below.

Prospects

Looking forward, it is expected that the demand for environmental hygiene and related services will continue to rise, driven by growth in the property market in general, urban renewal activities and public facilities projects, amongst others. Albeit rising demand in the market for services that the Group provides, industry players including the Group continue to be challenged by labour shortage and rising cost of wages. In particular, an upward adjustment to the minimum wage in Hong Kong by approximately 8.7% has taken effect from May 2019, which no doubt will exert further pressure on the Group's profit margin. The Group will uphold stringent control over project tendering and expenditures and continually strive for the best interest of all stakeholders, including our customers, business partners, employees and shareholders.

Financial Review

Revenue

For the FY2019, total revenue was approximately HK$537.3 million, representing an increase of approximately 5.8% (FY2018: approximately HK$508.1 million). Such increase in revenue was attributable to the securing of several relatively sizeable contracts i.e. the headquarter building and substantial majority of administration buildings of a mass transit operator, club buildings of a world-renowned sports club, branches of a local bank, the Hong Kong flagship store of a worldwide luxury goods manufacturer and retailer, and a number of upscale commercial buildings in the central business district.

The following is an analysis of Group's revenue by segments:

	Year ended 31 March 2019		Year ended 31 March 2018	
	HK$'000	***%***	*HK$'000*	*%*
Environmental hygiene and related services	**498,771**	**92.8**	467,745	92.1
Airline catering support services	**38,553**	**7.2**	40,361	7.9
Total	**537,324**	**100.0**	508,106	100.0

For the FY2019, revenue from environmental hygiene and related services and airline catering support services amounted to approximately HK$498.8 million (FY2018: approximately HK$467.7 million), and approximately HK$38.6 million (FY2018: approximately HK$40.4 million) respectively, representing approximately 92.8% and 7.2% of total revenue for the FY2019 (FY2018: approximately 92.1% and 7.9% of total revenue). Revenue from environmental hygiene and related services and airline catering support services increased by approximately 6.6% and decreased by approximately 4.5% respectively as compared with the FY2018.

Cost of Services

For the FY2019 and FY2018, the cost of services of the Group amounted to approximately HK$457.8 million and HK$431.2 million respectively, representing approximately 85.2% and 84.9% of the Group's revenue for the corresponding years. The cost of services of the Group comprised direct wages, consumables and sub-contracting fees. The slight increase in cost of services in proportion to the Group's revenue was mainly due to rise of operation labour cost.

Gross Profit and Gross Profit Margin

The gross profit slightly increased from approximately HK$76.9 million for the FY2018 to approximately HK$79.6 million for the FY2019. The gross profit margin decreased from approximately 15.1% for the FY2018 to approximately 14.8% for the FY2019. The following table sets forth breakdown of gross profit and gross profit margin by segments.

	Year ended 31 March 2019		Year ended 31 March 2018	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin
	HK$'000	***%***	*HK$'000*	*%*
Environmental hygiene and related services	**75,515**	**15.1**	72,576	15.5
Airline catering support services	**4,040**	**10.5**	4,314	10.7
Total	**79,555**	**14.8**	76,890	15.1

The gross profit of environmental hygiene and related services slightly increased by approximately 4.0% from approximately HK$72.6 million for the FY2018 to approximately HK$75.5 million for the FY2019. But the gross profit margin decreased from approximately 15.5% for the FY2018 to approximately 15.1% for the FY2019. The decrease in gross profit margin of environmental hygiene and related services was mainly because of the rise in labour cost which adversely affected the overall gross profit.

The gross profit of airline catering support services decreased by approximately 6.4% from approximately HK$4.3 million for the FY2018 to approximately HK$4.0 million for the FY2019. The mechanization of certain job types by customer reduced the required manpower to perform the job and reduce their demand on manpower supply. The decrease in gross profit margin of airline catering support services for the FY2019 was mainly due to the increase in labour cost.

General Operating Expenses

The general operating expenses increased by approximately HK$4.1 million, representing an increase of approximately 8.3% to approximately HK$53.8 million for the FY2019 as compared with that for the FY2018 which was mainly attributable to increase in motor vehicles expenses because of purchasing additional motor vehicles, depreciation and rental expenses. The legal and professional fee increased by approximately 70% from approximately HK$2.0 million for FY2018 to approximately HK$3.4 million for FY2019. A substantial portion of the increment in the legal and professional fee is non-recurrent in nature.

Finance Costs

The Group's finance costs decreased by 53.4% from approximately HK$1.0 million for the FY2018 to approximately HK$0.5 million for the FY2019, as the Group required less external financing for working capital requirement.

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

As at 31 March 2019, the Group's profit and total comprehensive income attributable to owners of the Company for each of the FY2019 and FY2018 were approximately HK$20.8 million and HK$21.8 million respectively, representing of approximately 3.9% and 4.3% of the respective year's total revenue.

Capital Expenditure

During the FY2019, the Group's capital expenditure which mainly included additions in motor vehicles and equipment amounted to approximately HK$3.9 million (FY2018: HK$5.2 million). These capital expenditures were mainly financed by fund generated from operating activities.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Group's total current assets and current liabilities were approximately HK$155.7 million (31 March 2018: HK$148.6 million) and HK$55.8 million (31 March 2018: HK$62.4 million) respectively, while the current ratio was approximately 2.8 times (31 March 2018: approximately 2.4 times).

As at 31 March 2019, the Group had total assets of approximately HK$191.7 million which were financed by total liabilities and total equity of approximately HK$67.5 million and HK$124.2 million respectively. As at 31 March 2019, the Group had cash and cash equivalents of approximately HK$33.8 million (31 March 2018: approximately HK$39.5 million).

The Group's gearing ratio was 0.1 times as at 31 March 2019 (31 March 2018: 0.2 times), which was calculated based on the total bank borrowings over total equity of the Group.

There was no change to the Company's capital structure during the year ended 31 March 2019. As at 31 March 2019, the issued share capital of the Company was HK$6,000,000 divided into 600,000,000 shares of HK$0.01 each (the "**Shares**").

Employees, Training and Remuneration Policies

As at 31 March 2019, the Group had 2,120 (31 March 2018: 2,101) 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 2019 were approximately HK$309.4 million, representing a decrease of approximately 3.2% or approximately HK$10.4 million as compared with approximately HK$319.8 million for the year ended 31 March 2018.

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 2019, there was no significant exposure to foreign exchange fluctuation 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 (the "**Property**") 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 Buildings Department regarding the change of land use.

Although the Group changed the use of the Property from head office to warehouse in December 2017, and the use of the Property as warehouse is complied with the permitted use, the prosecution under the provisions of the Buildings Ordinance may be commenced within 12 months of the same being discovered by or coming to the notice of the Buildings Department. As such, as at 31 March 2018 and 2019, pursuant to section 40(2) of the Buildings Ordinance, the maximum exposure of the fine as a result of the aforesaid matter is approximately HK$0.1 million.

Charge Over Group's Assets

The Group's leasehold land and buildings of carrying value of approximately HK$28.2 million as at 31 March 2019 (31 March 2018: approximately HK$29.2 million), were pledged to secure the Group's bank loans.

Capital Commitments

As at 31 March 2019, the Group had no capital commitments (31 March 2018: approximately HK$0.4 million in respect of contracted but not provided for purchase of property, plant and equipment).

Operating Lease Commitments

As at 31 March 2019, the Group had total commitments under operating leases in respect of non-cancellable operating leases for land and buildings to make payment in the future years of approximately HK$0.8 million which represent rental payable by the Group for office and staff quarters respectively (31 March 2018: approximately HK$2.0 million).

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2019.

Significant Investments Held

The Group did not have any significant investment held as at 31 March 2019.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the prospectus of the Company dated 28 February 2017 (the "**Prospectus**"), the Group did not have other plans for material investments or capital assets as of 31 March 2019.

Use of Proceeds

Based on the offer price of HK$0.42 per share, the net proceeds from the share offer, after deducting listing related expenses, amounted to approximately HK$40.1 million. The Group has utilised and will continue to utilise such net proceeds from the share offer for the purposes set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus. As at 31 March 2019, the Group's planned application and actual utilisation of the net proceeds is set out below:

Use of proceeds	**Percentage of total net proceeds**	**Planned applications** *HK$ in million*	**Actual usage up to 31 March 2019** *HK$ in million*	**Unutilised net proceeds as at 31 March 2019** *HK$ in million*
For strengthening the Group's available financial resources to finance cash flow mismatch under the tender contracts	45.0%	18.1	18.1	—
For increasing the market penetration by strengthen the promotion of the Group's brand	7.0%	2.8	1.8	1.0
For strengthening the established position in the environmental services industry in Hong Kong	19.0%	7.6	7.6	—
For enhancing the information technology system to strengthen operational efficiency and service qualities	19.0%	7.6	2.4	5.2
For the use as general working capital of the Group	10.0%	4.0	4.0	—
Total		40.1	33.9	6.2

As at 31 March 2019, the unutilised net proceeds of approximately HK$6.2 million have been placed as interest bearing deposits with a licensed bank in Hong Kong and are intended to be applied in a manner consistent with the proposed allocations in the Prospectus.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives of the Group as set out in the Prospectus with the Group's actual business progress for FY2019 is set out below:

Business objective	Actual business progress
Increase the market penetration by strengthen the promotion of the Group's brand	
— Distribution of company brochure and marketing materials to target customers	— The new company brochure is now being used and distributed to potential tendering parties and target customers
— Continue to maintain online platform to provide on-line communication channel for major customers	— Company website is under revamp, online communication channel for clients and customers is also under the website revamp project
— Social media management	— Advertisement placed at trade association yearbook and annual directory
— Upgrade training facilities	— All in one laptop with presentation facilities has been acquired. Up-to-date cleaning equipment such as wireless scrubber and wireless vacuum cleaner has been used to demonstrate improvement of cleaning efficiency
Strengthen the established position in the environmental services industry in Hong Kong	
— Acquire additional equipment such as cleaning carts and garbage compressor vehicle	— 2 passenger vans have been purchased to set up 2 more mobile teams. Additional equipment including escalator cleaner, steam carpet machine, wireless scrubber and wireless vacuum cleaner have been purchased to enhance cleaning standard

Business objective	Actual business progress
Enhance the information technology (IT) system to strengthen operational efficiency and service qualities	
— Enhance daily operation by procuring cloud storage server services	— Designated system server, software, equipment and cloud storage are being purchased and upgraded in progress for respective operation functions
— Maintenance of IT systems and softwares	
— Addition of IT equipment at headquarters and worksites	

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2019, 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 year ended 31 March 2019 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 executive Directors, including Madam Ng Sing Mui, the chairperson of the Company and an executive Director, collectively. The Board considered that 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.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK1.67 cents (2018: HK1.67 cents) per Share for the year ended 31 March 2019, amounting to a total of HK$10,020,000. The proposed final dividend is subject to the approval of the shareholders at the annual general meeting of the Company to be held on Thursday, 8 August 2019 ("**2019 AGM**") and is expected to be payable on or about Thursday, 29 August 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 5 August 2019 to Thursday, 8 August 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2019 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, 2 August 2019.

For determining the entitlement of the shareholders to the aforesaid proposed final dividend, the register of members of the Company will be closed from Wednesday, 14 August 2019 to Thursday, 15 August 2019, both days inclusive, during which period no transfers of Shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of the shareholders at the 2019 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 Tuesday, 13 August 2019.

AUDIT COMMITTEE

The Company established the audit committee (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 chairperson 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 2019 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 ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary 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 preliminary announcement.

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

Hong Kong, 28 May 2019

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.