



B & S International Holdings Ltd. 賓仕國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1705

INTERIM
REPORT
2020/21

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CORPORATE INFORMATION

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Kam Chuen Andrew
(Chief Executive Officer & Chairman)
Mr. Chan Siu Cheung Stephen
Mr. Chau Wing Kong William
Ms. Tin Hau Ling Janny

Independent Non-executive Directors:

Mr. Pang Koon Kwai
Mr. See Hung Yan Peter
Mr. Chung Kwok Mo John

COMPANY SECRETARY

Mr. Tang Kwok Hay *(FCPA, FRM)*

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Chuen Andrew
Mr. Tang Kwok Hay *(FCPA, FRM)*

AUDIT COMMITTEE

Mr. Chung Kwok Mo John *(Chairman)*
Mr. Pang Koon Kwai
Mr. See Hung Yan Peter

REMUNERATION COMMITTEE

Mr. Pang Koon Kwai *(Chairman)*
Mr. See Hung Yan Peter
Mr. Chung Kwok Mo John

NOMINATION COMMITTEE

Mr. See Hung Yan Peter *(Chairman)*
Mr. Pang Koon Kwai
Mr. Chung Kwok Mo John

REGISTERED OFFICE

Cricket Square, Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 01, 11/F
Block A, Ko Fai Industrial Building
7 Ko Fai Road, Yau Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point, Hong Kong

CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building, Central, Hong Kong

LEGAL ADVISER

Holman Fenwick Willan
15/F, Tower One, Lippo Centre
89 Queensway
Admiralty, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Level 9, HSBC Main Building
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited

83 Des Voeux Road, Central, Hong Kong

STOCK CODE

1705

COMPANY'S WEBSITE

www.bandshk.com

FINANCIAL HIGHLIGHTS

The board (the “Board”) of directors (the “Directors”) of B & S International Holdings Ltd. (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the unaudited condensed consolidated results of the Company for the six months ended 30 September 2020, together with the comparative figures for the six months ended 30 September 2019, as follows:

- Revenue for the six months ended 30 September 2020 decreased by approximately 5.2% as compared with that of the same period in 2019.
- The “TenRen (天仁茗茶)” retail network has grown to 58 stores as at 30 September 2020 (30 September 2019: 54 stores).
- The net profit for the six months ended 30 September 2020 increased by approximately 174.4% as compared with that of the same period in 2019.
- The Board has declared an interim dividend of HK1 cent per Share, representing a dividend payment ratio of approximately 39.4% on the profit attributable to owners of the Company (for the six months ended 30 September 2019: Nil).

	Six months ended		Increase/ (decrease)
	30 September 2020 HK\$ million (Unaudited)	30 September 2019 HK\$ million (Unaudited)	
Revenue	247.3	260.8	(5.2%)
Gross profit	44.9	54.2	(17.2%)
Net profit	10.7	3.9	174.4%
Basic earnings per Share (HK cents)	2.5	0.9	177.8%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2020, the Group's revenue amounted to approximately HK\$247.3 million, representing a decrease of approximately 5.2% from approximately HK\$260.8 million for the same period in 2019. Such decrease was mainly attributable to the weakened market sentiment, in particular since the outbreak of the novel coronavirus disease ("COVID-19"). With the Hong Kong Special Administrative Region Government's encouragement of "staying home" to prevent the spread of the COVID-19, our shops had shortened their business hours. The consumers were forced to keep out of the streets and shopping malls, resulting in the loss of desire for consumption. With no definite date for the mass production of COVID-19 vaccine, it remains uncertain whether all business activities can resume to its previous level.

The number of "TenRen (天仁茗茶)" retail outlets has increased by 4, from 54 stores as at 30 September 2019 to 58 stores as at 30 September 2020. Our "TenRen (天仁茗茶)" retail network spans across Hong Kong Island, Kowloon and New Territories in Hong Kong. The revenue derived from the retail business decreased to approximately HK\$113.3 million for the six months ended 30 September 2020 (six months ended 30 September 2019: approximately HK\$131.3 million), representing a decrease of approximately HK\$18.0 million which contributed approximately 45.8% of our total revenue.

Same store sales performance

We evaluate our sales performance of our "TenRen (天仁茗茶)" retail network within the existing outlets by calculating the average same store sales growth ("SSSG"), which compares the average revenue derived from outlets that were in operation throughout the financial periods compared. The soft economic performance and other market conditions have seriously affected the customer sentiment in Hong Kong. As a result, our "TenRen (天仁茗茶)" retail outlets have recorded an approximately 21.7% drop in SSSG for the six months ended 30 September 2020. The following table sets forth the average same-store sales performance of our "TenRen (天仁茗茶)" retail outlets:

	Six months ended 30 September			
	2018	2019	2019	2020
Number of same-store		37		53
Average same-store sales	HK\$3.3 million	HK\$2.5 million	HK\$2.3 million	HK\$1.8 million
Average same-store sales growth rate		(24.2%)		(21.7%)

MANAGEMENT DISCUSSION AND ANALYSIS

Average selling prices and volume

The average selling price of our “TenRen (天仁茗茶)” beverage products increased slightly during the six months ended 30 September 2020 primarily because we slightly raised our prices in light of the inflation and rising raw material costs and rental expenses. The average daily sales volume of our “TenRen (天仁茗茶)” beverage products decreased throughout the six months ended 30 September 2020 which is generally in line with the drop in SSSG. The following table sets forth the average selling price and average daily sales volume of our “TenRen (天仁茗茶)” beverage products for the periods indicated:

	Six months ended	
	30 September	
	2019	2020
Average selling price (HK\$)		
Beverage products (per cup)	23.0	24.0
Side products (per unit) ^(Note)	16.3	17.4
Average daily sales volume		
Beverage products (per cup)	25,800	21,200
Side products (per unit) ^(Note)	2,300	2,000

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

Gross profit for the six months ended 30 September 2020 amounted to approximately HK\$44.9 million, representing a decrease of approximately 17.2% from approximately HK\$54.2 million for the same period in 2019.

Profit attributable to owners of the Company for the six months ended 30 September 2020 was approximately HK\$10.2 million, representing an increase of approximately 191.4% from approximately HK\$3.5 million for the same period in 2019. The net profit for the six months ended 30 September 2020 was approximately HK\$10.7 million (six months ended 30 September 2019: approximately HK\$3.9 million). Such increase in the net profit was mainly attributable to the receipt of the first tranche of wage subsidy under the Employment Support Scheme launched by the Hong Kong Special Administrative Region Government during the six months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

Looking ahead, the COVID-19 pandemic situation is still unstable in the second half of the financial year and is significantly impacting businesses across sectors in Hong Kong. As the market can hardly resume to the normal level in the short term, we will continue to put effort in our products offerings and marketing in order to maintain our market shares. On the other hand, the Group will take a cautious approach to business expansion and will implement cost control measures to further drive cost efficiency.

FINANCIAL OVERVIEW

Revenue

For the six months ended 30 September 2020, the Group's revenue amounted to approximately HK\$247.3 million, representing a decrease of approximately 5.2% from approximately HK\$260.8 million for the same period in 2019. The number of "TenRen (天仁茗茶)" retail outlets has increased by 4, from 54 stores as at 30 September 2019 to 58 stores as at 30 September 2020.

The revenue derived from the Retail Business decreased to approximately HK\$113.3 million for the six months ended 30 September 2020, representing a decrease of approximately HK\$18.0 million (six months ended 30 September 2019: approximately HK\$131.3 million) which contributed approximately 45.8% of the Group's total revenue. Such decrease was mainly as a result of the negative impacts brought by the COVID-19.

The revenue derived from the Distribution Business increased to approximately HK\$134.0 million for the six months ended 30 September 2020, representing an increase of approximately HK\$4.6 million (six months ended 30 September 2019: approximately HK\$129.4 million) which contributed approximately 54.2% of the Group's total revenue. Such increase was mainly due to the increase in sales volume to local retailers in Hong Kong.

Cost of sales

For the six months ended 30 September 2020, the Group's cost of sales amounted to approximately HK\$202.3 million, representing a decrease of approximately 2.1% from approximately HK\$206.6 million for the same period in 2019. Such decrease was mainly due to the decrease in consumption of food costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

For the six months ended 30 September 2020, the Group's gross profit amounted to approximately HK\$44.9 million, representing a decrease of approximately 17.2% from approximately HK\$54.2 million for the same period in 2019. The Group's gross profit margin for the six months ended 30 September 2020 decreased by approximately 2.6% to approximately 18.2% as compared to approximately 20.8% for the same period in 2019. The decrease in gross profit margin was mainly due to the drop in SSSG during the six months ended 30 September 2020 which increased the fixed costs such as rental expenses and staff costs as percentage of revenue.

Selling and distribution expenses

For the six months ended 30 September 2020, the selling and distribution expenses of the Group amounted to approximately HK\$24.7 million, representing a slight decrease of approximately 0.8% from approximately HK\$24.9 million for the same period in 2019.

Administrative expenses

For the six months ended 30 September 2020, the administrative expenses of the Group amounted to approximately HK\$18.0 million, representing a decrease of approximately 15.5% from approximately HK\$21.3 million for the same period in 2019. Such decrease was mainly attributable to the effective cost saving policy on travelling, recruitment, printing, legal and professional fees.

Finance costs, net

For the six months ended 30 September 2020, the net finance costs of the Group amounted to approximately HK\$2.4 million, which remained relatively stable when compared with that of approximately HK\$2.4 million for the same period in 2019.

Income tax expenses

For each of the six months ended 30 September 2020 and 30 September 2019, the Group recorded income tax expenses of approximately HK\$0.1 million and HK\$0.8 million, respectively, representing an effective tax rate of approximately 1.2% and 15.9%, respectively, for the corresponding periods. The low effective tax rate for the six months ended 30 September 2020 was due to the recognition of the government subsidy granted by the Hong Kong Special Administrative Region Government under the Anti-Epidemic Fund, which was a non-taxable income.

MANAGEMENT DISCUSSION AND ANALYSIS

Net profit

Profit attributable to owners of the Company for the six months ended 30 September 2020 was approximately HK\$10.2 million, representing an increase of approximately 191.4% from approximately HK\$3.5 million for the same period in 2019. The net profit for the six months ended 30 September 2020 was approximately HK\$10.7 million (six months ended 30 September 2019: approximately HK\$3.9 million). Such significant increase in net profit was primarily due to the receipt of the first tranche of wage subsidy under the Employment Support Scheme launched by the Hong Kong Special Administrative Region Government which amounted to approximately HK\$11.9 million and partially offset by an operational loss recorded from the Retail Business of the Group as a result of the weakened market sentiment caused by the outbreak of COVID-19 since February 2020. As the market sentiment may take some time to improve, we will continue to put effort in our products offerings and marketing in order to maintain our sales and market shares. On the other hand, the Group will implement cost control measures to further drive cost efficiency.

The net profit margin (calculated as a ratio of net profit for the period to revenue) for the six months ended 30 September 2020 was approximately 4.3%, as compared to approximately 1.5% for the same period in 2019. Basic earnings per share for the six months ended 30 September 2020 amounted to approximately HK2.5 cents, as compared to approximately HK0.9 cents for the same period in 2019.

Capital expenditure

During the six months ended 30 September 2020, capital expenditure amounted to approximately HK\$14.6 million. This amount was mainly used for the opening of new retail outlets.

Liquidity and financial resources review

Our Group is financially sound with cash and cash equivalents and short-term bank deposits amounted to approximately HK\$48.8 million as at 30 September 2020 (31 March 2020: approximately HK\$38.5 million). As at 30 September 2020, the gearing ratio of the Group was approximately 45.8% (31 March 2020: approximately 52.7%), which was calculated based on the total debt divided by the total capital at the end of the financial period/year and multiplied by 100%. Debt of the Group refers to bank borrowings and lease liabilities. As at 30 September 2020, the Group has total bank facilities of approximately HK\$103.4 million (31 March 2020: approximately HK\$103.4 million) of which approximately HK\$47.6 million (31 March 2020: approximately HK\$75.9 million) has been utilised. We aim to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable us to continue our business in a manner which is consistent with our short-term and long-term financial strategies of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign currency risk

The Group operates in Hong Kong and is exposed to foreign exchange risk from the purchase of goods from overseas suppliers and cash and bank borrowings denominated in foreign currencies, primarily with respect to Japanese Yen, Taiwan New dollar and United States dollar. The Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

Treasury policies

The Group adopts prudent treasury policies. The Group's management has monitor procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade receivable by taking into account the market conditions, customers' profiles and contractual terms to ensure that adequate impairment is made for irrecoverable amounts. On top of these ongoing credit evaluations, the Board also closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital structure

The shares of the Company (the "Shares") were successfully listed on the Main Board of the Stock Exchange on 14 March 2018 (the "Listing Date"). There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary Shares. As at 30 September 2020, the Company had 400,000,000 Shares in issue.

Material acquisitions and disposals of subsidiaries and affiliated companies

For the six months ended 30 September 2020, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant investments and acquisitions of capital assets

For the six months ended 30 September 2020, the Group did not hold any significant investments nor made any significant acquisitions of capital assets.

Capital commitments and contingent liabilities

Details of the capital commitments of the Group are set out in Note 16 to the interim condensed consolidated financial information in this report. The Group has no material contingent liabilities as at 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Event after the reporting period

No significant event has taken place after 30 September 2020 and up to the date of this report.

Employees and remuneration policies and training schemes

As at 30 September 2020, the Group employed a total of 731 employees (as at 31 March 2020: 730) and the employee benefit expenses including directors' emoluments were approximately HK\$52.0 million (as at 31 March 2020: HK\$109.3 million). The Group offers a comprehensive remuneration package which is reviewed by the management on a regular basis. The Group has also provided training programmes to its management and employees regularly to ensure that they are properly trained.

USE OF PROCEEDS

The Shares have been successfully listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the listing, after deducting commission and expenses in connection with the listing, were approximately HK\$71.1 million (the "IPO Proceeds").

As at 30 September 2020, the unused net proceeds from the share offer were approximately HK\$2.2 million. The Directors will review the business opportunities available to the Group from time to time for applying the net proceeds according to the purposes stated in the Prospectus (as defined below). Save for the announcements of the Company dated 14 August 2019 (the "14 August 2019 Announcement") and 20 August 2018 (the "20 August 2018 Announcement") regarding a change in allocation of the net proceeds from the share offer, the Directors do not anticipate that there will be any material change in the proposed use of the net proceeds from the share offer.

MANAGEMENT DISCUSSION AND ANALYSIS

References are made to: (1) the prospectus of the Company dated 26 February 2018 (the “Prospectus”); (2) the Company’s announcement dated 13 March 2018 (the “Allotment Results Announcement”); (3) the 20 August 2018 Announcement; and (4) the 14 August 2019 Announcement. An analysis of the utilisation of the IPO Proceeds up to the period ended 30 September 2020 is set out below:

	Original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement) HK\$'000	Second revised allocation of IPO Proceeds (as disclosed in the 14 August 2019 Announcement) HK\$'000	Utilised IPO Proceeds as at 30 September 2020 HK\$'000	Unutilised IPO Proceeds as at 30 September 2020 HK\$'000
Opening new shops				
– <i>TenRen</i>	26,200	33,030	(33,030)	–
– <i>Jiu Tang Wu</i>	18,000	3,170	(3,170)	–
– <i>Uncle Tetsu</i>	2,400	–	–	–
Introducing a new beverage brand	–	1,640	(1,640)	–
Introducing another new food brand	–	8,000	(8,000)	–
Upgrading the ERP system	3,600	3,600	(3,600)	–
Leasing of warehouse facilities	12,300	12,300	(10,097)	2,203
Expansion of sales and marketing team	2,500	2,500	(2,500)	–
General working capital	6,100	6,860	(6,860)	–
Total	71,100	71,100	(68,897)	2,203

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	7	247,259	260,764
Cost of sales	10	(202,345)	(206,611)
Gross profit		44,914	54,153
Other losses	8	(844)	(868)
Other income	9	11,884	–
Selling and distribution expenses	10	(24,693)	(24,887)
Administrative expenses	10	(17,967)	(21,337)
Operating profit		13,294	7,061
Finance income		86	337
Finance costs		(2,520)	(2,719)
Finance costs, net	11	(2,434)	(2,382)
Profit before income tax		10,860	4,679
Income tax expense	12	(133)	(758)
Profit and total comprehensive income for the period		10,727	3,921
Profit and total comprehensive income attributable to:			
Owners of the Company		10,158	3,531
Non-controlling interest		569	390
		10,727	3,921
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share)			
– basic and diluted	13	2.5	0.9

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		30 September 2020	31 March 2020
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	15	27,427	33,999
Right-of-use assets	22	66,827	84,876
Deferred income tax assets		6,341	5,247
Deposits and other assets	17	13,901	16,206
		114,496	140,328
Current assets			
Inventories	16	30,198	26,503
Trade receivables	18	67,346	67,000
Deposits, prepayments and other receivables	17	18,149	15,908
Income tax recoverable		258	590
Restricted cash	19	30,000	30,000
Short-term bank deposits	19	491	413
Cash and cash equivalents	19	48,303	38,086
		194,745	178,500
Total assets		309,241	318,828
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	4,000	4,000
Reserves		79,794	79,794
Retained earnings		56,174	46,016
		139,968	129,810
Non-controlling interest		7,117	6,548
Total equity		147,085	136,358

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		30 September 2020	31 March 2020
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
LIABILITIES			
Non-current liability			
Lease liabilities	22	29,936	39,351
Current liabilities			
Trade and other payables	21	37,886	30,578
Lease liabilities	22	43,495	52,708
Bank borrowings	23	50,839	59,833
		132,220	143,119
Total liabilities		162,156	182,470
Total equity and liabilities		309,241	318,828

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000 (Note 20)	Reserves and retained earnings HK\$'000	Non- controlling interest HK\$'000	
Balance at 1 April 2019	4,000	134,892	5,840	144,732
Effects of adoption of HKFRS 16	–	(1,380)	–	(1,380)
Balance at 1 April 2019	4,000	133,512	5,840	143,352
Profit and total comprehensive income for the period	–	3,531	390	3,921
Transaction with owners in their capacity as owners:				
Dividends	–	(8,000)	–	(8,000)
Balance at 30 September 2019 (Unaudited)	4,000	129,043	6,230	139,273
Balance at 1 April 2020	4,000	125,810	6,548	136,358
Profit and total comprehensive income for the period	–	10,158	569	10,727
Balance at 30 September 2020 (Unaudited)	4,000	135,968	7,117	147,085

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Note	Six months ended	
		30 September 2020	2019
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		55,231	28,837
Income tax paid		(895)	(159)
Net cash generated from operating activities		54,336	28,678
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,124)	(15,465)
Purchase of key management life insurance contracts		(215)	(215)
Restricted cash		–	12,000
Short-term bank deposits		–	2,647
Interest received		86	337
Change in short-term bank deposits		(78)	–
Net cash used in investing activities		(3,331)	(696)
Cash flows from financing activities			
Proceeds from bank borrowings		74,768	89,120
Repayments of bank borrowings		(83,763)	(92,482)
Dividend paid		–	(8,000)
Principal element of lease payments		(30,847)	(28,786)
Interest paid		(946)	(2,719)
Net cash used in financing activities		(40,788)	(42,867)
Net increase/(decrease) in cash and cash equivalents			
		10,217	(14,885)
Cash and cash equivalents at beginning of the period		38,086	51,315
Cash and cash equivalents at the end of the period	19	48,303	36,430

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

B & S International Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 21 August 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, “the Group”) are principally engaged in (i) distribution of food and beverage products (“Distribution Business”) and (ii) provision of catering services (“Retail Business”) in Hong Kong (collectively, the “Business”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 14 March 2018.

These interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

3.1 Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2020 as described in those annual financial statements except for the estimation of income tax is accrued using the tax rate that would be applicable to the expected total annual earnings and the adoption of new and amended standards as set out below.

(a) **New and amendments standards adopted by the Group**

The following amendments to existing standards became applicable for the current reporting period and they did not have material impacts on the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.1 Accounting policies *(Continued)*

(b) New standards and amendment to existing standards not yet adopted

The following new standards and amendment to existing standards have been issued but are not effective for the financial year beginning on 1 April 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 April 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 April 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 April 2022
Amendment to Annual Improvements Project	Annual Improvements 2018–2020 Cycle	1 April 2022
Amendment to HKAS 1	Classification of Liabilities as Current or Non- current	1 April 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of the above new standards or amendments to existing standards is expected to have a significant effect on the condensed consolidated financial information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2020.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

There was no material change in the contractual undiscounted cash flows for financial liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation

The carrying values of the Group's current financial assets, including trade receivables, deposits, other receivables, other assets, short-term bank deposits and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, lease liabilities and bank borrowings approximate their fair values due to their short maturities.

At 30 September 2020 and 31 March 2020, the Group did not have any financial instruments carried at fair value.

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources.

The Group is principally engaged in Distribution Business and Retail Business in Hong Kong. The Executive Directors considers the business from a product perspective. They reviewed the qualitative factors such as business activities, economic and legal characteristics and quantitative factors such as the financial performance of the Distribution Business and Retail Business to assess the performance of the operating segments.

No geographical segment information is presented as all the sales and operating profits of the Group are derived in Hong Kong and all the operating assets of the Group are located in Hong Kong.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2020 and 2019 is as follows:

	For the period ended 30 September 2020 (Unaudited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
	Segment revenue – recognised at a point in time	133,994	113,265
Segment results	19,405	(1,678)	17,727
Unallocated expenses			(15,473)
Other losses			(844)
Other income			11,884
Finance costs, net			(2,434)
Profit before income tax			10,860
Income tax expense			(133)
Profit for the period			10,727
Segment items included:			
Depreciation of property, plant and equipment	1,378	9,147	10,525
Depreciation of right-of-use assets	5,095	23,599	28,694

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

	For the period ended 30 September 2019 (Unaudited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
	Segment revenue – recognised at a point in time	129,441	131,323
Segment results	17,952	8,453	26,405
Unallocated expenses			(18,476)
Other losses, net			(868)
Finance costs, net			(2,382)
Profit before income tax			4,679
Income tax expense			(758)
Profit for the period			3,921
Segment items included:			
Depreciation of property, plant and equipment	1,266	9,009	10,275
Depreciation of right-of-use assets	5,244	24,294	29,538

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

The segment assets as at 30 September 2020 and 31 March 2020 and the reconciliation to the total assets are as follows:

	As at 30 September 2020 (Unaudited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
	Total segment assets	96,319	124,523
Total segment assets include: Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,384	13,237	14,621
	As at 31 March 2020 (Audited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
	Total segment assets	97,726	144,230
Total segment assets include: Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,614	72,278	74,892

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Total segment assets	220,842	241,956
Unallocated:		
Deferred income tax assets	6,341	5,247
Deposits and prepayments	3,264	3,126
Restricted cash	30,000	30,000
Short-term bank deposits	491	413
Cash and cash equivalents	48,303	38,086
Total assets	309,241	318,828

The segment liabilities as at 30 September 2020 and 31 March 2020 and the reconciliation to the total liabilities are as follows:

	As at 30 September 2020 (Unaudited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
Total segment liabilities	59,901	88,695	148,596

	As at 31 March 2020 (Audited)		
	Distribution Business HK\$'000	Retail Business HK\$'000	Total HK\$'000
Total segment liabilities	70,481	98,209	168,690

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Total segment liabilities	148,596	168,690
Unallocated:		
Other payables	1,560	1,780
Bank borrowings	12,000	12,000
Total liabilities	162,156	182,470

7 REVENUE

The Group is principally engaged in distribution of food and beverage products and provision of catering services in Hong Kong.

Revenue from Distribution Business and Retail Business recognised during the period are as follows:

	Six months ended 30 September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales of goods	133,994	129,441
Catering services	113,265	131,323
	247,259	260,764

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 OTHER LOSSES

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Change in cash surrender value of key management life insurance contracts	64	73
Exchange loss	780	795
	844	868

9 OTHER INCOME

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidy (<i>Note</i>)	11,866	–
Sundry income	18	–
	11,884	–

Note: The government subsidy represents a subsidy of HK\$11,866,000 granted by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic fund.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 EXPENSES BY NATURE

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	116,612	114,771
Depreciation of property, plant and equipment (Note 15)	10,525	10,275
Depreciation of right-of-use assets	28,694	29,538
Employee benefit expenses	52,036	52,052
Short-term and variable lease	–	3,737
Utilities expenses	8,945	9,261
Transportation and logistic service expenses	7,116	8,119
Freight charges	2,342	3,261
Advertising and promotion expenses	8,989	9,077
Auditor's remuneration		
– Audit services	680	780
– Non-audit services	100	100
Franchise fee	584	2,424
Travelling expenses	175	452
Insurance expenses	707	685
Legal and professional fees	768	2,207
Others	6,732	6,096
	245,005	252,835
Representing:		
Cost of sales	202,345	206,611
Selling and distribution expenses	24,693	24,887
Administrative expenses	17,967	21,337
	245,005	252,835

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 FINANCE COSTS, NET

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
– Bank interest income	86	337
Finance costs		
– Interest expense on bank borrowings	(946)	(1,245)
– Lease liabilities	(1,574)	(1,474)
	(2,520)	(2,719)
Finance costs, net	(2,434)	(2,382)

12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for one of the Group's subsidiaries in Hong Kong and 16.5% on the remaining estimated assessable profits for the six months ended 30 September 2020 (six months ended 30 September 2019: same).

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	1,227	1,257
Deferred income tax	(1,094)	(499)
	133	758

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	10,158	3,531
Weighted average number of ordinary shares in issue (thousands)	400,000	400,000
Basic earnings per share (HK cents)	2.5	0.9

(b) Diluted

For the periods ended 30 September 2020 and 2019, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

14 DIVIDENDS

On 27 November 2020, the Board has resolved to pay an interim dividend of HK1 cent per share, amounting to a total dividend of HK\$4,000,000, in respect of the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil). This interim dividend has not been recognised as a liability in this interim financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 PROPERTY, PLANT AND EQUIPMENT

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
Net book value as at 1 April	33,999	34,353
Additions	3,953	15,323
Depreciation	(10,525)	(10,275)
Net book value as at 30 September	27,427	39,401

16 INVENTORIES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Raw materials	7,013	8,113
Finished goods	23,185	18,390
	30,198	26,503

Inventories mainly comprise food and beverage products which are stated at lower of cost and net realisable value.

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$116,620,000 (30 September 2019: HK\$114,771,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current		
Rental deposits	9,121	11,256
Deposits for the purchase of property, plant and equipment	1,780	2,101
Key management life insurance contracts (<i>Note</i>)	3,000	2,849
	13,901	16,206
Current		
Prepayments	7,660	6,713
Rental and other deposits	10,225	6,717
Government subsidy receivables	–	2,200
Other receivables	264	278
	18,149	15,908
	32,050	32,114

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 TRADE RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables		
– third parties	67,346	65,680
– related party (Note 25)	–	1,320
	67,346	67,000

The Group's retail sales are settled on cash basis. The Group generally grants credit period ranged from 0 to 120 days to its customers for the Distribution Business.

As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade receivables based on invoice date was as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0–30 days	24,639	25,303
31–60 days	18,768	15,465
61–90 days	13,461	15,356
91–180 days	9,078	9,731
Over 180 days	1,400	1,145
	67,346	67,000

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

There is no significant impact of loss allowance for trade receivables as at 30 September 2020 (31 March 2020: same). During the period ended 30 September 2020, trade receivables of HK\$Nil (30 September 2019: HK\$Nil) were written off.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Cash at banks	46,671	37,365
Cash on hand	1,632	721
	48,303	38,086
Short-term bank deposits	491	413
	48,794	38,499

(b) Restricted cash

As at 30 September 2020, the Group had HK\$30,000,000 restricted deposits held at banks as securities for certain banking facilities (31 March 2020: HK\$30,000,000).

20 SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Authorised:		
Ordinary Shares of HK\$0.01 each		
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020		
	10,000,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each		
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020		
	400,000,000	4,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	15,492	11,581
Other payables	22,394	18,997
	37,886	30,578

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0–30 days	9,531	9,117
31–60 days	5,131	1,752
61–90 days	486	206
Over 90 days	344	506
	15,492	11,581

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts related to leases:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Right-of-use assets		
Retail shops and warehouse	66,827	84,876
Lease liabilities		
Current	43,495	52,708
Non-current	29,936	39,351
	73,431	92,059

During the six months ended 30 September 2020, additions to the right-of-use assets amounted to approximately HK\$10,645,000 (31 March 2020: HK\$52,658,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 LEASES *(Continued)*

(b) Amounts recognised in the interim condensed consolidated statement of comprehensive income

The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	30 September 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Unaudited)
Depreciation of right-of-use assets	28,694	29,538
Interest expenses on lease liabilities <i>(Note 11)</i>	1,574	1,474
Expenses relating to short-term leases (included in cost of sales and administrative expenses) <i>(Note 10)</i>	-	3,737

23 BANK BORROWINGS

Bank borrowings represent mainly the import loans and term loans drawn by the Group. The Group's borrowings, after taking into account of repayable on demand clause, are repayable as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Current		
Within 1 year or on demand	50,839	59,833

As at 30 September 2020, the Group's banking facilities are secured by:

- (i) Cross guarantees by the Group's companies (31 March 2020: same);
- (ii) Restricted cash deposits of HK\$30,000,000 (Note 19(b)) (31 March 2020: HK\$30,000,000).

In addition to the above, the Group is required to comply with certain restrictive financial covenants imposed by the banks.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 COMMITMENTS

(a) Capital commitments

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Contracted but not provided for		
– Property, plant and equipment	171	550

(b) Operating lease commitments

The Group leases certain property, plant and equipment from third parties under non-cancellable operating lease agreements. From 1 April 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 22 for further information.

25 RELATED PARTY TRANSACTIONS

As at 30 September 2020, the major shareholders of the Company are ACAC Investment, SCSC Investment and CCST investment, which owned 25%, 25% and 25% of the Company's issued shares respectively. The ultimate controlling parties of the Group are Mr. Chan Kam Chuen, Andrew, Mr. Chan Siu Cheung, Stephan and Mr. Chau Wing Kong, William, the directors of the Company, respectively.

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

25 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Names and relationships with related parties *(Continued)*

The following individuals and companies are related parties of the Group that had balances and/or transactions with the Group during the periods ended 30 September 2020 and 2019.

Name of related parties	Relationship with the Group
Mr. Chan Kam Chuen, Andrew	Controlling Shareholder
Mr. Chan Siu Cheung, Stephen	Controlling Shareholder
Mr. Chau Wing Kong, William	Controlling Shareholder
Ms. Tin Hau Ling, Janny	Spouse of a Controlling Shareholder
New Odaiba ("New Odaiba")	Controlled by spouse of Mr. Chau Wing Kong, William
Best Source Enterprises Limited ("Best Source")	Controlled by Mr. Chan Kam Chuen, Andrew, Mr. Chau Wing Kong, William and Mr. Chan Siu Cheung, Stephen

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following related transactions during the periods ended 30 September 2020 and 2019.

(b) Balance with related party

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade related receivable		
– New Odaiba	–	1,320

As at 30 September 2020 and 31 March 2020, balance with related party was unsecured, interest-free, denominated in HK\$, and expected to repay within one year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

25 RELATED PARTY TRANSACTIONS *(Continued)*

- (c) In addition to those disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with related parties:

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Continued transactions</i>		
Sale of goods to a related party		
– New Odaiba	–	424
Rental expense charged by a related party		
– Best Source	3,504	3,504

Sales of goods and rental expenses and income were based on terms mutually agreed with related parties and in the ordinary course of business.

(d) Key management compensation

Key management includes Executive Directors and the senior management of the Group.

Compensation of the key management personnel of the Group, including director's remunerations, was as follows:

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries, bonuses and allowances	1,367	1,518
Pension costs – defined contribution plans	36	36
Staff welfare and benefits	–	63
	1,403	1,617

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent per share (six months ended 30 September 2019: Nil) payable on or about Tuesday, 22 December 2020 to the shareholders of the Company (the “Shareholders”) whose names appeared on the Company’s register of members on Tuesday, 15 December 2020.

SHARE OPTION SCHEME

As at 30 September 2020, no option had been granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding share option as at the date of this report.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, the interests and short positions of the Directors and the chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be disclosed, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) were as follows:

Name of Director	Nature of Interest	Percentage of	
		Number of Shares	total issued Shares (%)
Mr. Chan Kam Chuen Andrew (“Mr. Andrew Chan”)	Interest in a controlled corporation ^(note 1)	100,000,000 (long position)	25.0
Mr. Chan Siu Cheung Stephen (“Mr. Stephen Chan”)	Interest in a controlled corporation ^(note 2)	100,000,000 (long position)	25.0
Mr. Chau Wing Kong William (“Mr. William Chau”)	Interest in a controlled corporation ^(note 3)	100,000,000 (long position)	25.0
Ms. Tin Hau Ling Janny (“Ms. Janny Tin”)	Interest of spouse ^(note 4)	100,000,000 (long position)	25.0

OTHER INFORMATION

Notes:

1. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by ACAC Investment Limited, which in turn was owned as to 100% by Mr. Andrew Chan. By virtue of the SFO, Mr. Andrew Chan is deemed to be interested in the same number of Shares held by ACAC Investment Limited.
2. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by SCSC Holdings Limited, which in turn was owned as to 100% by Mr. Stephen Chan. By virtue of the SFO, Mr. Stephen Chan is deemed to be interested in the same number of Shares held by SCSC Holdings Limited.
3. The Company was directly owned as to 25.0% (being 100,000,000 Shares) by CCST Investment Limited, which in turn was owned as to 100% by Mr. William Chau. By virtue of the SFO, Mr. William Chau is deemed to be interested in the same number of Shares held by CCST Investment Limited.
4. Ms. Janny Tin is the spouse of Mr. Andrew Chan. By virtue of the SFO, Ms. Janny Tin was deemed to be interested in the same number of Shares in which Mr. Andrew Chan was deemed to be interested under the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company), either directly or indirectly, had interests or short positions in the shares or underlying shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required to be recorded in the register to be kept pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Percentage of total issued Shares (%)
ACAC Investment Limited	Beneficial interest <i>(note 1)</i>	100,000,000 (long position)	25.0
SCSC Holdings Limited	Beneficial interest <i>(note 2)</i>	100,000,000 (long position)	25.0
Ms. Cheung Choi Ngo	Interest of spouse <i>(note 3)</i>	100,000,000 (long position)	25.0
CCST Investment Limited	Beneficial interest <i>(note 4)</i>	100,000,000 (long position)	25.0
Ms. Tan Ching Bee	Interest of spouse <i>(note 5)</i>	100,000,000 (long position)	25.0

Notes:

1. The entire issued share capital of ACAC Investment Limited is wholly-owned by Mr. Andrew Chan.
2. The entire issued share capital of SCSC Holdings Limited is wholly-owned by Mr. Stephen Chan.
3. Ms. Cheung Choi Ngo is the spouse of Mr. Stephen Chan. By virtue of the SFO, Ms. Cheung Choi Ngo was deemed to be interested in the same number of Shares in which Mr. Stephen Chan was deemed to be interested under the SFO.
4. The entire issued share capital of CCST Investment Limited is wholly-owned by Mr. William Chau.
5. Ms. Tan Ching Bee is the spouse of Mr. William Chau. By virtue of the SFO, Ms. Tan Ching Bee was deemed to be interested in the same number of Shares in which Mr. William Chau was deemed to be interested under the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2020, the Directors had not been notified of any other corporation or individual (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be disclosed under provision of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appeared on the register of members of the Company on Tuesday, 15 December 2020 will be eligible for the interim dividend. The register of members of the Company will be closed from Friday, 11 December 2020 to Tuesday, 15 December 2020, both days inclusive. In order to qualify for the interim dividend, Shareholders should ensure that all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 10 December 2020.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining the highest standard of corporate governance to safeguard the Shareholder's interests. During the period from 1 April 2020 up to the date of this report, the Company has applied the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company emphasises an effective board with a high level of integrity, sound internal controls, as well as ensuring a high degree of transparency and accountability, which does not only enhance corporate value for the Shareholders but also protect the long-term sustainability of the Group. In the opinion of the Board, during the period from the Listing Date up to the date of this report, the Company has complied with all the code provisions in the CG Code, save and except for code provision A.2.1 which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Chan Kam Chuen Andrew is both our chairman and chief executive officer and is responsible for the overall management of the Group and directing the strategic development and business plans of the Group. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual (that is, Mr. Chan Kam Chuen Andrew) would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans.

OTHER INFORMATION

The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprises experienced and high calibre individuals. The Board currently comprises four executive Directors (including Mr. Chan Kam Chuen Andrew) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company and ensure compliance with the code provisions in the CG code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct governing the Directors' transactions in the listed securities of the Company. Employees of the Group (the "Relevant Employees") who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. The Company has made specific enquiry of all Directors, and each Director has confirmed that he or she has complied with the standards as set out in the Model Code during the period from the Listing Date to the date of this report. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the period from the Listing Date to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2020 and up to the date of this report, there has been no purchase, sale or redemption of any Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The primary duties of the audit committee of the Company (the "Audit Committee") are to (a) make recommendations to the Board on the appointment and removal of external auditor; (b) review the financial statements and material advice in respect of financial reporting; and (c) oversee the internal control procedures of the Company. The current members of the Audit Committee are Mr. Chung Kwok Mo John, Mr. Pang Koon Kwai and Mr. See Hung Yan Peter, all being independent non-executive Directors.

The Audit Committee held a meeting on 27 November 2020 and has considered and reviewed the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Group and given their opinion and recommendation to the Board. The Audit Committee considers that the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.