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**Best Mart 360 Holdings Limited**  
**優品360控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2360)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**HIGHLIGHTS**

- For the six months ended 30 September 2023, the revenue recorded by the Group amounted to approximately HK\$1,237,781,000, representing an increase of approximately 20.0% as compared to approximately HK\$1,031,896,000 for the six months ended 30 September 2022.
- Profit attributable to owners of the Company for the six months ended 30 September 2023 was approximately HK\$110,636,000, representing an increase of approximately 34.8% as compared to approximately HK\$82,049,000 for the six months ended 30 September 2022.
- Earnings per share attributable to owners of the Company for the six months ended 30 September 2023 was approximately HK11.1 cents (six months ended 30 September 2022: approximately HK8.2 cents).
- The board of Directors recommended the payment of an interim dividend of HK8.0 cents per share for the six months ended 30 September 2023 (six months ended 30 September 2022: HK8.0 cents per share).

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Best Mart 360 Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023, together with the comparative figures for the six months ended 30 September 2022, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	5	1,237,781	1,031,896
Cost of sales		<u>(791,516)</u>	<u>(667,184)</u>
Gross profit		446,265	364,712
Other income and other gains, net	6	3,151	17,939
Selling and distribution expenses		(276,573)	(246,080)
Administrative and other expenses		<u>(34,875)</u>	<u>(36,824)</u>
Operating profit		137,968	99,747
Finance costs	7	<u>(4,905)</u>	<u>(3,486)</u>
Profit before income tax	8	133,063	96,261
Income tax expenses	9	<u>(22,427)</u>	<u>(14,212)</u>
Profit for the period attributable to owners of the Company		<u><u>110,636</u></u>	<u><u>82,049</u></u>
Earnings per share attributable to owners of the Company during the period:			
– Basic and diluted (HK cents)	11	<u><u>11.1</u></u>	<u><u>8.2</u></u>
<b>Profit for the period</b>		<b>110,636</b>	82,049
<b>Other comprehensive expense</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(16)</u>	<u>(348)</u>
<b>Other comprehensive expense for the period</b>		<u>(16)</u>	<u>(348)</u>
<b>Total comprehensive income for the period</b>		<u><u>110,620</u></u>	<u><u>81,701</u></u>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the Company		<u><u>110,620</u></u>	<u><u>81,701</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2023*

		30 September 2023	31 March 2023
	<i>Notes</i>	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		463,834	444,408
Deposits		40,692	42,560
Deposits paid for purchase of property, plant and equipment		897	944
Deferred tax assets		<u>2,874</u>	<u>2,311</u>
		<u>508,297</u>	<u>490,223</u>
<b>Current assets</b>			
Inventories		269,351	244,219
Trade receivables	12	13,292	6,139
Deposits, prepayments and other receivables		66,485	50,999
Cash and bank balances		<u>255,561</u>	<u>146,047</u>
		<u>604,689</u>	<u>447,404</u>
<b>Total assets</b>		<u>1,112,986</u>	<u>937,627</u>
<b>Current liabilities</b>			
Trade payables	13	90,927	68,926
Accruals and other payables	13	49,628	42,026
Bank borrowing		77,619	79,349
Lease liabilities		133,897	133,218
Dividend payable		110,000	–
Income tax payable		<u>38,671</u>	<u>21,908</u>
		<u>500,742</u>	<u>345,427</u>
<b>Net current assets</b>		<u>103,947</u>	<u>101,977</u>
<b>Total assets less current liabilities</b>		<u>612,244</u>	<u>592,200</u>

		<b>30 September</b>	31 March
		<b>2023</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Accruals and other payables	<i>13</i>	<b>3,145</b>	1,919
Lease liabilities		<u><b>129,767</b></u>	<u>111,569</u>
		<u><b>132,912</b></u>	<u>113,488</u>
<b>Net assets</b>		<u><b>479,332</b></u>	<u>478,712</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>10,000</b>	10,000
Reserves		<u><b>469,332</b></u>	<u>468,712</u>
<b>Total equity</b>		<u><b>479,332</b></u>	<u>478,712</u>

## NOTES

*For the six months ended 30 September 2023*

### 1. GENERAL

Best Mart 360 Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 24 January 2018. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 11th Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in retailing of food and beverage, household and personal care products under the “Best Mart 360° (優品360°)” and “FoodVille” branded stores in the Hong Kong Special Administrative Region (“**Hong Kong**”), the Macau Special Administrative Region (“**Macau**”) and the People’s Republic of China (the “**PRC**”) and wholesaling in Hong Kong.

### 2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). These unaudited interim condensed consolidated financial statements were authorised for issue on 28 November 2023.

These unaudited interim condensed consolidated financial information have been prepared with the same accounting policies adopted in the 2022/2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the forthcoming financial year end for the period of nine months ending 31 December 2023. Details of changes in accounting policies are set out in note 3 to the unaudited condensed consolidated financial information, the adoption of the new and revised HKFRSs have no material effect on these unaudited interim condensed consolidated financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4 to the unaudited condensed consolidated financial information.

These unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These unaudited interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022/2023 annual financial statements. These unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2022/2023 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2023, as described in those annual financial statements. In the current accounting period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

#### **Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

The amendments had no impact on the interim condensed consolidated financial statements of the Group.

### 4. SEGMENT INFORMATION

During the six months ended 30 September 2023, the Group operates one reportable and operating segment which is the retailing of food and beverage, household and personal care products under the “Best Mart 360° (優品360°)” and “FoodVille” branded stores in Hong Kong, Macau and the PRC and wholesaling in Hong Kong. The Group determines its operating segment based on information reported to executive directors of the Company who are also the chief operating decision-makers that are used to make strategic decisions. Accordingly, the Group does not present separately segment information.

#### **Geographical segment**

The Group's geographical segments are based on the location of the Group's assets. Revenue to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue regarding the Group’s geographical segments for the six months ended 30 September 2023 and 30 September 2022 and certain non-current assets information as at 30 September 2023 and 31 March 2023.

	<b>Hong Kong</b> <i>HK\$’000</i>	<b>Macau</b> <i>HK\$’000</i>	<b>The PRC</b> <i>HK\$’000</i>	<b>Total</b> <i>HK\$’000</i>
<b>30 September 2023 (unaudited)</b>				
Revenue	<u>1,207,336</u>	<u>27,528</u>	<u>2,917</u>	<u>1,237,781</u>
Non-current assets*	<u>451,803</u>	<u>11,435</u>	<u>1,493</u>	<u>464,731</u>
<b>30 September 2022 (unaudited)</b>				
Revenue	<u>1,003,727</u>	<u>25,974</u>	<u>2,195</u>	<u>1,031,896</u>
<b>31 March 2023 (audited)</b>				
Non-current assets*	<u>432,099</u>	<u>11,002</u>	<u>2,251</u>	<u>445,352</u>

\* Excludes financial instruments and deferred tax assets

#### Information about major customers

Since none of the Group’s sales to a single customer amounted to 10% or more of the Group’s total revenue for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil), no information about major customers in accordance with HKFRS 8 Operating Segments is presented.

## 5. REVENUE

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

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from		
Retailing sales	1,227,469	1,028,617
Wholesale	25,388	14,764
Less: Sales discounts	<u>(15,076)</u>	<u>(11,485)</u>
	<u>1,237,781</u>	<u>1,031,896</u>

## 6. OTHER INCOME AND OTHER GAINS, NET

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from bank deposits	3,502	281
Losses on written-off of property, plant and equipment	(712)	(607)
Government grant ( <i>Note</i> )	–	17,996
Others	361	269
	<u>3,151</u>	<u>17,939</u>

### *Note:*

The government grant recognised during the six months ended 30 September 2022 is mainly related to the COVID-19 related subsidy from Employment Support Scheme of Hong Kong government. During the six months ended 30 September 2022, the Group recognised government grant of approximately HK\$17,996,000 from Employment Support Scheme of Hong Kong. The Group has elected to present this government grant separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this government grant.

## 7. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowing	1,171	774
Interest expenses on lease liabilities	3,734	2,712
	<u>4,905</u>	<u>3,486</u>



## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' emoluments	793	738
Staff costs:		
– Wages, salaries and other benefits	108,034	92,601
– Contributions to defined contribution pension plans	4,805	4,075
Depreciation of property, plant and equipment	105,670	94,133
Exchange differences, net	(956)	(709)
Cost of inventories recognised as expenses	788,556	667,184
Written-off of inventories	2,960	3,199
Operating lease payments in respect of retail stores and office		
– Short-term lease expenses	4,173	11,413
– Contingent rents	8,783	7,078
	<u>12,956</u>	<u>18,491</u>

## 9. INCOME TAX EXPENSES

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong Profits Tax	22,788	14,464
– Macau Complementary Income Tax (“MCIT”)	<u>202</u>	<u>42</u>
	22,990	14,506
Deferred income tax	<u>(563)</u>	<u>(294)</u>
Income tax expenses	<u>22,427</u>	<u>14,212</u>

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

During the six months ended 30 September 2023 and 2022, under the two-tiered profits tax rates regime, the first HK\$2 million of estimated assessable profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities incorporated in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

MCIT has been provided at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the six months ended 30 September 2023.

No provision of Corporate Income tax (“CIT”) for subsidiaries operating in the PRC has been made as the Group has no assessable profit for CIT for the six months ended 30 September 2023 and 2022.

## **10. DIVIDENDS**

On 28 November 2023, the Board has resolved to pay an interim dividend of HK8.0 cents per share (for the six months ended 30 September 2022: HK8.0 cents), amounting to a total dividend of HK\$80,000,000, in respect of the six months ended 30 September 2023. This interim dividend has not been recognised as a liability in this unaudited interim condensed consolidated financial statements.

On 28 September 2023, a final dividend of HK11.0 cents per share for the year ended 31 March 2023 was approved by the Company’s shareholders (“**2023 Final Dividend**”). The 2023 Final Dividend of HK\$110,000,000 was paid on 18 October 2023.

On 19 August 2022, a final dividend of HK8.0 cents per share for the year ended 31 March 2022 was approved by the Company’s shareholders (“**2022 Final Dividend**”). The 2022 Final Dividend of HK\$80,000,000 was paid during the six months ended 30 September 2022.

## **11. EARNINGS PER SHARE**

The basic earnings per share attributable to owners of the Company for the period is calculated based on the profit for the period attributable to owners of the Company of approximately HK\$110,636,000 (six months ended 30 September 2022: approximately HK\$82,049,000), and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 September 2022: 1,000,000,000 shares) in issue. The Company did not have any potential dilutive shares for the six months ended 30 September 2023 and 2022. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

## 12. TRADE RECEIVABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Trade receivables	<u><b>13,292</b></u>	<u>6,139</u>

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

The Group allows an average credit period of 30 days to its wholesale customers with trading history, or otherwise sales on cash terms are required.

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

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
0-30 days	<b>12,004</b>	5,779
31-60 days	<b>1,288</b>	272
61-90 days	-	53
Over 90 days	<u>-</u>	<u>35</u>
	<u><b>13,292</b></u>	<u>6,139</u>

## 13. TRADE PAYABLES AND ACCRUALS AND OTHER PAYABLES

### (a) Trade payables

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

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
0-30 days	<b>74,693</b>	56,564
31-60 days	<b>16,097</b>	12,296
61-90 days	<b>137</b>	-
Over 90 days	<u>-</u>	<u>66</u>
	<u><b>90,927</b></u>	<u>68,926</u>

(b) **Accruals and other payables**

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
<b>Current:</b>		
Accruals for employee benefit expenses	26,581	20,632
Accruals for rental expenses	5,945	5,871
Accruals for logistic expenses	6,454	6,299
Contract liabilities in relation to customer loyalty programme (Note (c))	1,818	640
Provision for reinstatement costs	1,565	2,206
Receipt in advance	544	534
Accruals for operating expenses and other payables	<u>6,721</u>	<u>5,844</u>
	<u><b>49,628</b></u>	<u><b>42,026</b></u>
<b>Non-current:</b>		
Provision for reinstatement costs	<u><b>3,145</b></u>	<u><b>1,919</b></u>

(c) **Contract liabilities**

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the period end date. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points in relation to customer loyalty programme and the cash coupons are redeemed. Approximately HK\$640,000 of the contract liabilities as of 31 March 2023 has been recognised as revenue due to the redemption of the cash dollars and cash coupon in purchase by customers during the six months ended 30 September 2023.

**14. SHARE CAPITAL**

	<b>Number</b>	<b>Amount HK\$'000</b>
Authorised:		
At 31 March 2023, 1 April 2023 and 30 September 2023	<u><b>10,000,000,000</b></u>	<u><b>100,000</b></u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2023, 1 April 2023 and 30 September 2023	<u><b>1,000,000,000</b></u>	<u><b>10,000</b></u>

**15. CAPITAL COMMITMENTS**

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Commitments for acquisition of property, plant and equipment contracted but not provided for	<u><b>803</b></u>	<u><b>681</b></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leisure food retailer operating chain retail stores under the brands “Best Mart 360°” and “FoodVille” in Hong Kong, Macau and the PRC and wholesaling in Hong Kong. The Group offers wide selection of imported pre-packaged leisure foods and other grocery products principally from overseas, which can be broadly categorised into (i) chocolates and confectioneries; (ii) nuts and dried fruits; (iii) packaged bakery products and snacks; (iv) biscuits and pastries; (v) cereals and milk; (vi) beverages and wine; (vii) rice, noodles and groceries; (viii) frozen and chilled food; and (ix) other products, such as personal care products, daily items and anti-epidemic products. It is the Group’s business objective to offer “Best Quality” and “Best Price” products to customers through continuous efforts on global procurement, with a mission to provide comfortable shopping environment and pleasurable shopping experience to customers.

### BUSINESS REVIEW

For the six months ended 30 September 2023 (the “**Period under Review**”), the Hong Kong and global economies entered a period of recovery, with the business environment and consumer sentiment continuing to improve. According to the visitor arrival statistics released by the Hong Kong Tourism Board, visitor arrivals from 1 January 2023 to 30 September 2023 reached more than 23.3 million, nearly doubled as compared to the nine months ended 30 September 2022. The Hong Kong Government continued to issue consumption vouchers (CVS) to stimulate the retail market during the Period under Review. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for the first nine months of this year was provisionally estimated at HK\$302,291 million as of 30 September 2023, representing a year-on-year increase of 18.6%.

During the Period under Review, the Group was cautiously optimistic with the recovery of the retail market. By swiftly adjusting the product mix to cater the needs of different customer groups, the Group achieved a steady growth during the period.

During the six months ended 30 September 2023, the Group recorded a revenue of approximately HK\$1,237,781,000, representing an increase of approximately 20.0% from that of approximately HK\$1,031,896,000 for the six months ended 30 September 2022 (the “**Corresponding Period Last Year**”). Revenue from customers of retail stores in Hong Kong, Macau and Shenzhen accounted for approximately 97.9% of the Group’s revenue for the Period under Review.

The Group's gross profit for the six months ended 30 September 2023 was approximately HK\$446,265,000, and gross profit margin was approximately 36.1%, as compared with gross profit of approximately HK\$364,712,000 and gross profit margin of approximately 35.3% for the Corresponding Period Last Year, representing a period-on-period increase of approximately 22.4% and 0.8 percentage point, respectively. Profit attributable to owners of the Company during the period amounted to approximately HK\$110,636,000 (for the six months ended 30 September 2022: approximately HK\$82,049,000), representing a period-on-period increase of approximately 34.8%.

The increase in sales revenue and gross profit margin was mainly underpinned by the Group's steady expansion strategy, increase in presence in strategic store locations, apt adjustment of sales tactics coupled with the optimization of product mix during the Period under Review. By providing a more comfortable shopping environment as well as a wider range of product selection, the Group is committed to deliver a quality shopping experience for our customers.

## **CHAIN RETAIL STORES**

As at 30 September 2023, the Group operated a total of 165 chain retail stores (30 September 2022: 144 stores), including 156 chain retail stores, 7 chain retail stores and 2 chain retail stores in Hong Kong, Macau and the PRC, respectively (30 September 2022: 136 stores, 6 stores and 2 stores, respectively). During the Period under Review, the Group followed our store optimisation strategies, which include expanding store spaces, providing better shopping environment, and incorporating the in-store display with our diversified product mix to enhance the brand image. The Group is persevering its search for stores in various districts to extend its retail coverage.

The Group launched a new global wine and food shop "FoodVille" in 2021, which focuses on medium-to-high-end global quality food products, including fine wines from around the world, premium chocolates, health food, frozen food, western sauces and ingredients, etc., in order to cater to the market's pursuit of a high quality of life and to broaden the Company's customer bases. As at 30 September 2023, the Group operated 6 shops (30 September 2022: 3 shops) under the relevant retail brands.

For the six months ended 30 September 2023, the ratio of rental expense (on cash basis) to sales revenue of the Group's retail stores was approximately 9.8% (for the six months ended 30 September 2022: approximately 10.4%), representing a decrease of approximately 0.6 percentage point as compared with the Corresponding Period Last Year.

## **THE PRODUCTS**

During the Period under Review, the Group adhered to its global procurement policy by sourcing a broad spectrum of products worldwide to provide a diversified range of choices for customers. For the six months ended 30 September 2023, the Group has sold more than 1,140 brands and over 3,400 SKUs of products in total, offering customers a diversified range of choices. The Group continued to optimise its product portfolio, out with the old in order to make room for the latest products and flavours to stay abreast with change in customer demands.

In order to enrich our product mix, enhance the effectiveness of control over product qualities and supplies and increase profitability, the Group continued to actively develop its private label products during the period, recording a net addition of 183 SKUs. For the six months ended 30 September 2023, sales derived from private label products amounted to approximately HK\$192,986,000 (for the six months ended 30 September 2022: approximately HK\$151,064,000), representing an increase of approximately 27.8% as compared with the Corresponding Period Last Year and accounted for approximately 15.6% of the Group's overall revenue for the Period under Review. The Group had a total of 11 private labels and approximately 214 SKUs of products during the Period under Review, including masks, canned Chinese delicacies, cereals, milk, honey, nuts and dried fruits as well as a wide range of leisure food products.

## **MEMBERSHIP SCHEME AND MARKETING & PROMOTIONAL ACTIVITIES**

The retail business of the Group has always been customer-driven. The Group established a membership scheme since April 2015 to promote customer loyalty, stimulate sales as well as expand its customer base. In order to deepen customer stickiness and expand customers' coverage, the Group launched its membership mobile app 2.0 in 2020. Through the use of big data analysis, the Group dynamically refined its market strategies and continuously optimised and enhanced its membership reward scheme, including APP e-point programme, special offers for selected products and access to latest market information, etc., so as to effectively strengthen the ties between members and the Group, gain repeated patronage from members and drive sustainable growth for the Group's business.

As at 30 September 2023, the number of the Group's registered fans and members was 2,087,700 (30 September 2022: approximately 1,931,400), representing a period-on-period growth of approximately 8.1%. The number of mobile app members has reached approximately 980,000 as of 30 September 2023, representing an increase of approximately 20.2% from approximately 815,100 of the Corresponding Period Last Year.

This year marks the 10th anniversary of the Group's establishment. The Group conducted various marketing and promotional activities during the Period Under Review, including the "Super Best Price (超級至優價)" promotional campaign, which provided customers with a series of special offers for selected quality products to express our gratitude for our customers' support over the years and to enhance customer loyalty. Meanwhile, the Group continued to advertise through television, newspapers, social media platforms and other media, which successfully obtained repeat customers, attracted new customers and greatly increased the discussions about the Group in the market.

## **EMPLOYEES**

As at 30 September 2023, the number of full-time and part-time employees of the Group was 1,226 (30 September 2022: 1,167). In order to retain staff and to suitably incentivise employees of the Group so as to increase staff cohesion and loyalty, the Group regularly reviews and updates its employee benefit plans and remuneration packages with reference to labour market supply and labour cost trend, as well as individual performance. Staff costs (excluding Directors' emoluments) of the Group for the six months ended 30 September 2023 accounted for approximately 9.1% of revenue (for the six months ended 30 September 2022: approximately 9.4%) representing a decrease of approximately 0.3 percentage point as compared with the Corresponding Period Last Year.

## **OUTLOOK**

Early this year, the Hong Kong Government formally relaxed the restrictions on the entry of tourists as well as the local anti-epidemic measures, encouraging the recovery of Hong Kong's tourism and retail industries and revitalising the business market ambiance. The Group, carrying a prudent and optimistic outlook, will continue to explore different development opportunities, closely monitor market changes and make prompt adjustments to its business strategies, so as to maximise returns for shareholders and investors.

Looking ahead, while the pace of global economic recovery is expected to slow down due to the high interest rate environment and geopolitical tensions, it is believed that the Hong Kong Government's various measures will bring some support to the local consumer market. The Group plans to pragmatically expand our retail network, with a target of achieving a net increase of 15–20 retail stores annually to cater the diversified demands of different customer segments for quality food products under our "dual-brand" model. The "Best Mart 360°" brand will primarily focus on mass market, while the "FoodVille" brand will target the medium-to-high-end market. Leveraging the diversified product structure and shop atmosphere, the Group will strengthen the two brands' differentiation and thereby attracting a broad spectrum of customers.



The Group completed the introduction of China Merchants Hoi Tung Trading Company Limited (the “CMHT”) as a major shareholder during the Period Under Review. The Board believes that with the substantial strategic support of CMHT, the Group’s business development will be further accelerated, promoting sustainable growth and synergy maximisation. The Group will continue to uphold its business mission in offering products with the “Best Quality” and “Best Price” to its customers. Leveraging the extensive cooperation network and resources of CMHT, the Group will endeavour to improve its supply chain, optimise its sales categories and maintain its price competitiveness. Furthermore, the Group will continue to proactively source a diversified range of food products worldwide as well as step up the development of its private label products, aiming not only to satisfy market demand for daily necessities but also to provide customers with a broader range of choices.

On the other hand, through CMHT’s robust network of food distributors, the Group will continue to develop its business-to-business (B2B) segment by providing a more diversified range of products to other retailers in Hong Kong, online stores and even merchants or enterprises in overseas markets, enriching the Group’s streams of revenue and expanding its potential customer base.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 September 2023, the revenue recorded by the Group amounted to approximately HK\$1,237,781,000, representing an increase of approximately 20.0% as compared to approximately HK\$1,031,896,000 for the six months ended 30 September 2022. The increase in revenue was primarily attributed to our steady store opening momentum combined with the same-store sales growth following the gentle recovery of retail market as well as the optimisation of our sales strategy.

### **Profit attributable to Owners of the Company**

Profit attributable to owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$110,636,000, representing an increase of approximately 34.8% from approximately HK\$82,049,000 for the six months ended 30 September 2022. Excluding the effect of approximately HK\$17,996,000 subsidy income from the Government of Hong Kong SAR during the Corresponding Period Last Year, profit attributable to owners of the Company increased by approximately 72.7% period-on-period, mainly driven by the remarkable growth in sales from the Group’s retail stores as well as the overall enhancement of operating efficiency.

## **Gross Profit and Gross Profit Margin**

For the six months ended 30 September 2023, the gross profit of the Group was approximately HK\$446,265,000, representing an increase of approximately 22.4% from approximately HK\$364,712,000 for the six months ended 30 September 2022, while the gross profit margin for the six months ended 30 September 2023 was approximately 36.1%, representing an increase of approximately 0.8 percentage points from approximately 35.3% for the six months ended 30 September 2022. The rise in gross profit margin of the Group for the Period under Review was largely attributed to our adaptive sales strategy and product mix optimisation.

## **Other Income and Other Gains, Net**

For the six months ended 30 September 2023, the Group recorded net other income and other gains of approximately HK\$3,151,000, while for the six months ended 30 September 2022 it recorded net other income and other gains of approximately HK\$17,939,000. The substantial drop in other income and other gains, net, was mainly due to approximately HK\$17,996,000 received from the Employment Support Scheme provided by the Government of the Hong Kong SAR for the six months ended 30 September 2022, while nil for the current Period under Review.

## **Selling and Distribution Expenses**

For the six months ended 30 September 2023, selling and distribution expenses of the Group amounted to approximately HK\$276,573,000, representing an increase of approximately 12.4% from approximately HK\$246,080,000 for the six months ended 30 September 2022. The increase in selling and distribution expenses during the Period under Review was mainly due to the increase of rental expenses and other store operating expenses resulting from the expansion of retail store network, together with more frontline and warehouse staff hired to support the growth in scale.

## **Administrative and Other Expenses**

For the six months ended 30 September 2023, administrative and other expenses of the Group amounted to approximately HK\$34,875,000, representing a decrease of approximately 5.3% from approximately HK\$36,824,000 for the six months ended 30 September 2022. The reduction in administrative and other expenses was mainly the result of our dedication to stringent cost control measures, coupled with a decrease in amortization expenses following the completion of leasehold improvement amortization of our office.

## **Finance Costs**

Finance costs of the Group for the six months ended 30 September 2023 amounted to approximately HK\$4,905,000, representing an increase of approximately 40.7% from approximately HK\$3,486,000 for the six months ended 30 September 2022. Such increase was mainly attributable to the increase in interest expenses on lease liabilities from approximately HK\$2,712,000 for the six months ended 30 September 2022 to approximately HK\$3,734,000 for the six months ended 30 September 2023.

## **Income Tax Expense**

The income tax expense of the Group increased from approximately HK\$14,212,000 for the six months ended 30 September 2022 to approximately HK\$22,427,000 for the six months ended 30 September 2023, representing an increase of approximately 57.8% mainly due to the increase in assessable profit of a major operating subsidiary.

## **Financial Position, Liquidity and Financial Resources**

As at 30 September 2023, the Group's total cash and bank balances (including cash and cash equivalents) were approximately HK\$255,561,000 (as at 31 March 2023: approximately HK\$146,047,000), representing an increase of approximately 75.0% which was predominately contributed by the cash generated from operating activities. The current ratio (calculated by current assets divided by current liabilities) of the Group remained relatively stable at approximately 1.3 and 1.2 as at 31 March and 30 September 2023 respectively.

As at 30 September 2023, the Group has total bank borrowing of approximately HK\$77,619,000, representing a decrease of approximately 2.2% as compared with approximately HK\$79,349,000 as at 31 March 2023. The total unutilised banking facility extended by commercial banks as at 30 September 2023 amounted to approximately HK\$240,549,000. The carrying amounts of the Group's borrowing are denominated in Hong Kong dollars, secured and approximate to their fair value.

The gearing ratio of the Group as at 30 September 2023 was approximately 16.2% as compared to that of approximately 16.6% as at 31 March 2023, which was calculated by the total debts divided by the total equity at the end of the respective financial period and multiplied by 100%. The total debts of the Group refer to bank borrowing. The decrease in gearing ratio was mainly due to the repayment of bank borrowing within the Period under Review.

The Group financed its liquidity and working capital requirements mainly through a combination of various sources, including but not limited to cash generated from the Group's operations, bank borrowing and other external equity and debt financings as and when appropriate.

## **Capital Structure**

The capital structure of the Company comprises of issued share capital and reserves. As at 30 September 2023, the Company had 1,000,000,000 Shares in issue.

The capital structure of the Group as at 30 September 2023 in terms of debt profile is mainly bank borrowing and as at 30 September 2023, the Group had outstanding bank borrowing of approximately HK\$77,619,000 (as at 31 March 2023: approximately HK\$79,349,000) repayment within one year or contain a repayment on demand clause. Bank borrowing bears interest at floating interest rates. The effective interest rate of the Group's bank borrowing is HIBOR plus 1.3% per annum as at 30 September 2023 (as at 31 March 2023: HIBOR plus 1.3%).

## **Capital Commitments**

Details of the capital commitments are set out in note 15 to the unaudited interim condensed consolidated financial statements in this announcement.

## **Pledge of Assets**

As at 30 September 2023, the bank borrowings and other banking facilities of the Group are secured by: (i) the corporate guarantee provided by the Company and a subsidiary; and (ii) property, plant and equipment of office premises of the Group with carrying amount of approximately HK\$163,863,000 (as at 31 March 2023: approximately HK\$166,358,000).

## **Foreign Currency Risk**

The Group mainly operates in Hong Kong and is exposed to foreign exchange risk from (i) the purchase of products from various overseas suppliers, which transactions are primarily settled in foreign currencies including USD, JPY, EUR, GBP, AUD, SGD, RMB, etc; and (ii) the revenue generated from the operation in Macau and in the PRC. Nevertheless, taking into account the retail industry practice, the Group's current operation, the stable exchange rates of Macau Pataca and the scale of the PRC operations, the Directors do not consider the Group is subject to material foreign exchange risk. The Directors will closely monitor the Company's exposure to such currency fluctuations and take proactive measures in response.

## **Treasury Policies**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

Following the enhancement of front-line staffing structure, the number of employees of the Group increased from a total of 1,162 employees (excluding 5 Directors) as at 30 September 2022 to a total of 1,214 employees (excluding 12 Directors) as at 30 September 2023. The staff costs (excluding Directors' emoluments) for the six months ended 30 September 2023 was approximately HK\$112,839,000 (six months ended 30 September 2022: approximately HK\$96,676,000).

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

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 18 December 2018 for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the Share Option Scheme.

The Group places great importance on the continuous development and training of the employees, and is devoted to the continuous improvement in the skills and quality of service of the employees. The Group offers various in-house training programmes to the newly recruited employees and frontline staff and management in various aspects, such as technical skills and knowledge, occupational safety and compliance with the laws. During the Period under Review, the Group had also improved the modules of in-house training by introducing video programmes lectures for the orientation of newly recruited front-line staff.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions or disposals for the six months ended 30 September 2023.

## **CAPITAL EXPENDITURE**

For the six months ended 30 September 2023, the Group spent approximately HK\$14,845,000 on purchase of property, plant and equipment (six months ended 30 September 2022: HK\$16,035,000).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have other plans for material investments and capital assets as at 30 September 2023.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 September and 31 March 2023.

## **INTERIM DIVIDEND**

The Board has recommended to declare an interim dividend of HK8.0 cents per share for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK8.0 cents per share), representing an aggregate amount of HK\$80,000,000 to the Shareholders whose names appear on the register of members of the Company on Monday, 18 December 2023. The interim dividend is expected to be paid on or around Friday, 29 December 2023.

To ascertain shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 14 December 2023 to Monday, 18 December 2023 (both days inclusive) during which no transfer of shares will be effected. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 December 2023.

## **EVENT AFTER THE END OF THE PERIOD UNDER REVIEW**

No significant events affecting the Group occurred since the end of the Period under Review and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2023 and up to the date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

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

During the six months ended 30 September 2023 and up to the date of this announcement, the Company has adopted and complied with all applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## **REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 had been reviewed by the Audit Committee of the Company, which was of the opinion that the preparation of such unaudited interim condensed consolidated financial statements complied with the applicable accounting standards and requirements and that adequate disclosures were made. In addition, the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 had been reviewed by SHINEWING (HK) CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

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

The interim results announcement of the Company is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bestmart360.com>). The interim report for the six months ended 30 September 2023 will be available on the above websites and despatched to Shareholders in due course.

By order of the Board  
**Best Mart 360 Holdings Limited**  
**Li Guanpeng**  
*Chairman*

Hong Kong, 28 November 2023

*As at the date of this announcement, the executive Directors are Mr. Li Guanpeng, Ms. Cui Qian, Mr. Lu Rong, Mr. Liu Yunfeng, Mr. Huang Shengchao, Ms. Wang Kanglin, Mr. Lin Tsz Fung and Ms. Hui Ngai Fan; and the independent non-executive Directors are Mr. Sze Irons, Ms. Choy So Yuk, Ms. Chan Yuen Sau Kelly and Mr. Gao Wei.*