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**Best Mart 360 Holdings Limited**

**優品360控股有限公司**

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

**(Stock Code: 2360)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

**HIGHLIGHTS**

- For the year ended 31 March 2021, the revenue recorded by the Group amounted to approximately HK\$1,627,891,000, representing an increase of approximately 32.3% as compared to approximately HK\$1,230,437,000 for the year ended 31 March 2020.
- Profit attributable to owners of the Company for the year ended 31 March 2021 was approximately HK\$81,449,000 (2020: approximately HK\$12,100,000), representing an increase of approximately 573.1%.
- Earnings per share attributable to owners of the Company for the year ended 31 March 2021 was approximately HK8.1 cents (2020: HK1.2 cents).
- The Board has recommended the payment of final dividend of HK2.5 cents per share for the year ended 31 March 2021 (2020: nil).

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Best Mart 360 Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2021 (the “**Financial Year under Review**”), together with the comparative figures for the year ended 31 March 2020, as follows:

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

*For the year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	<b>1,627,891</b>	1,230,437
Cost of sales		<b>(1,107,737)</b>	(818,945)
Gross profit		<b>520,154</b>	411,492
Other income and other gains, net	6	<b>32,815</b>	5,301
Selling and distribution expenses		<b>(399,140)</b>	(347,906)
Administrative and other expenses		<b>(52,161)</b>	(43,513)
Operating profit		<b>101,668</b>	25,374
Finance costs	7	<b>(9,921)</b>	(11,061)
Profit before income tax	8	<b>91,747</b>	14,313
Income tax expense	9	<b>(10,298)</b>	(2,213)
Profit and total comprehensive income for the year		<b>81,449</b>	12,100
Profit and total comprehensive income attributable to owners of the Company		<b>81,449</b>	12,100
Earnings per share attributable to owners of the Company:			
– Basic and diluted (HK cents)	11	<b>8.1</b>	1.2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>431,598</b>	242,717
Deposits		<b>37,449</b>	39,683
Deposits paid for purchase of property, plant and equipment		<b>7,108</b>	800
Deferred tax assets		<b>1,902</b>	1,496
		<hr/> <b>478,057</b>	<hr/> 284,696
<b>Current assets</b>			
Inventories		<b>198,547</b>	135,755
Trade receivables	<i>12</i>	<b>2,927</b>	2,488
Deposits, prepayments and other receivables		<b>50,359</b>	41,450
Income tax recoverable		–	9,529
Cash and bank balances		<b>91,312</b>	215,911
		<hr/> <b>343,145</b>	<hr/> 405,133
<b>Total assets</b>		<hr/> <b>821,202</b>	<hr/> 689,829
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>59,695</b>	31,031
Accruals and other payables	<i>13</i>	<b>39,229</b>	23,563
Bank borrowings		<b>107,496</b>	79,242
Lease liabilities		<b>142,571</b>	119,026
Income tax payable		<b>8,083</b>	–
		<hr/> <b>357,074</b>	<hr/> 252,862
<b>Net current (liabilities)/assets</b>		<hr/> <b>(13,929)</b>	<hr/> 152,271
<b>Total assets less current liabilities</b>		<hr/> <b>464,128</b>	<hr/> 436,967

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Accruals and other payables	<i>13</i>	<b>2,163</b>	2,229
Bank borrowings		–	20,300
Lease liabilities		<b>93,834</b>	107,756
		<u><b>95,997</b></u>	<u>130,285</u>
<b>Net assets</b>		<u><b>368,131</b></u>	<u>306,682</u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>10,000</b>	10,000
Reserves		<b>358,131</b>	296,682
<b>Total equity</b>		<u><b>368,131</b></u>	<u>306,682</u>

## NOTES

*For the year ended 31 March 2021*

### 1. GENERAL

Best Mart 360 Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 24 January 2018. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 14/F., SML Tower, 165 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

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

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

#### (a) Adoption of new or amended HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1 and HKAS 8: Definition of Material
- Amendments to HKFRS 3: Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7: Interest Rate Benchmark Reform

The impact of the adoption of Amendments to HKFRS 3 have been summarised in below. The other new amended HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group’s accounting policies.

### *Amendments to HKFRS 3: Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 April 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the reporting period, as described below.

On 17 July 2020, the Group entered into a sale and purchase agreement to acquire the entire issued shares of Allied Wide Limited (“Allied Wide”) and all debts owing by Allied Wide to Lee Wei Hsim, Luk Kau Ying and Lee Wai Man Karen (the “Vendors”) and their associates at the consideration of HK\$176,862,000. The consideration will be adjusted by adding all current tangible assets and deducting all liabilities (other than the debts owing by Allied Wide to the Vendors and their associates) of Allied Wide. The total cost, being the sum of the adjusted consideration and other directly attributable cost to the acquisition, was approximately HK\$178,227,000. The transaction was completed in September 2020 and was recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets. The assets acquired and liabilities assumed at the date of acquisition of the entire issued shares of Allied Wide comprise the following:

	<i>HK\$'000</i>
Property, plant and equipment	178,865
Deposits and prepayment	275
Accruals and other payables	(796)
Income tax payable	(117)
	<hr/>
	178,227
	<hr/> <hr/>

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

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

2020 Amendments to HKFRS 16	COVID-19 Related Rent Concessions <sup>1</sup>
2021 Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>5</sup>
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>4</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup>
HKFRS 17	Insurance Contract <sup>5</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>3</sup>
Amendments to HKFRS Standards	Annual Improvements to HKFRS Standards 2018-2020 <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>6</sup> No mandatory effective date yet determined but is available for early adoption

***Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

#### ***Amendments to HKAS 16 – Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

#### ***Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

#### ***HKFRS 17 – Insurance Contracts***

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

#### ***Amendments to HKFRS 3 – Reference to the Conceptual Framework***

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.



### ***2020 Amendment to HKFRS 16 – Covid-19-Related Rent Concessions***

2020 Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group as the Group does not expect to elect to apply the practical expedient.

### ***2021 Amendment to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021***

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group as the Group does not expect to elect to apply the practical expedient.

### ***Amendments to HKFRS Standards – Annual Improvements to HKFRSs 2018-2020***

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

***Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **3. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**(b) Basis of measurement and going concern assumptions**

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

As at 31 March 2021, the Group had net current liabilities of approximately HK\$13,929,000. This condition may affect the Group's ability to continue as a going concern.

The net current liabilities as at 31 March 2021 included bank borrowings of approximately HK\$107,496,000. Within these bank borrowings, there was a mortgage loan of approximately HK\$86,858,000, out of which approximately HK\$82,436,000 is contractually due for repayment after one year, contains a discretionary repayable on demand clause and is therefore classified as current liabilities.

The directors of the Company considered that it is highly unlikely that the relevant bank will exercise the discretion to demand immediate repayment of the mortgage loan and believes that such mortgage loan will be repaid in accordance with the scheduled dates set out in the relevant loan agreement. A cash flow forecast covering a period of twelve months from the end of the reporting period was also prepared by the directors of the Company and it is considered that the Group would be able to meet the conditions set out in the existing banking facility letter and that these facilities will continue to be available to the Group over the forecast period. On this basis, the Group is able to maintain sufficient liquidity and working capital that enables the Group to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the Group's financial position to conclude that the Group has sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

**(c) Functional and presentation currency**

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

**4. SEGMENT INFORMATION**

During the years ended 31 March 2021 and 2020, the Group operates one reportable and operating segment which is the retailing sales of food and beverage, household and personal care products under the "Best Mart 360° (優品360°)" brand stores in Hong Kong and Macau. The Group determines its operating segment based on information reported to executive directors of the Company who are also the chief operating decision-maker that are used to make strategic decisions. Accordingly, the Group does not present separately segment information.

**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 and certain non-current assets information regarding the Group's geographical segments as at and for the years ended 31 March 2021 and 31 March 2020.

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Macau</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>31 March 2021</b>			
Revenue	1,582,240	45,651	1,627,891
Non-current assets*	411,056	20,542	431,598
<b>31 March 2020</b>			
Revenue	1,223,778	6,659	1,230,437
Non-current assets*	228,674	14,043	242,717

\* Excludes deposits 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 year ended 31 March 2021 (2020: Nil), no information about major customers in accordance with HKFRS 8 Operating Segments is presented.

## **5. REVENUE**

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

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from		
Retailing sales	<b>1,633,304</b>	1,235,175
Less: Sales discounts	<b>(5,413)</b>	(4,738)
	<b>1,627,891</b>	1,230,437

## 6. OTHER INCOME AND OTHER GAINS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income from bank deposits	1,020	3,938
Losses on written-off/disposal of property, plant and equipment, net	(615)	(2,122)
Promotion income	377	195
Government grant ( <i>Note</i> )	31,772	3,000
Others	261	290
	<u>32,815</u>	<u>5,301</u>

*Note:*

The government grants recognised during the current period are mainly related to the COVID-19 related subsidy from Employment Support Scheme of Hong Kong Government and government grant from Macau Government. During the year, the Group recognised government grants of HK\$31,636,000 and HK\$136,000 from Employment Support Scheme of Hong Kong Government and government grant from Macau Government, respectively. 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 grants.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on bank borrowings	2,359	2,711
Interest expenses on lease liabilities	7,562	8,350
	<u>9,921</u>	<u>11,061</u>

## 8. PROFIT BEFORE INCOME TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments	1,476	1,476
Staff costs:		
– Wages, salaries and other benefits	145,414	129,118
– Contributions to defined contribution pension plans	6,219	5,855
Depreciation of property, plant and equipment	165,840	123,151
Auditor's remuneration	820	780
Exchange differences, net	(285)	(68)
Cost of inventories recognised as expenses	1,107,737	818,945
Written-off of inventories	8,203	9,825
Service expenses for using the operating facilities of warehouse	10,090	13,980
Operating lease payments in respect of retail stores		
– Short-term lease expenses	8,333	30,080
– Contingent rents	14,115	7,328
	<u>22,448</u>	<u>37,408</u>

## 9. INCOME TAX EXPENSE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong Profits Tax	10,139	2,484
– Macau Complementary Income Tax (“MCIT”)	450	–
	<u>10,589</u>	<u>2,484</u>
– Under-provision/(over-provision) in respect of prior year	115	(87)
	<u>10,704</u>	<u>2,397</u>
Deferred income tax	(406)	(184)
Income tax expense	<u>10,298</u>	<u>2,213</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 years ended 31 March 2021 and 2020, 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 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 year ended 31 March 2021. No provision of MCIT has been made as the Group has no assessable profit for MCIT for the year ended 31 March 2020.

## 10. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final dividend	<u><u>25,000</u></u>	<u><u>–</u></u>
Final dividend in respect of previous financial year, approved and paid during the year	–	60,000
Interim dividend declared and paid	<u>20,000</u>	<u>15,000</u>
	<u><u>20,000</u></u>	<u><u>75,000</u></u>

On 26 November 2020, the Board has resolved to pay an interim dividend of HK2.0 cents per share, amounting to a total dividend of HK\$20,000,000, in respect of the six month ended 30 September 2020 which is approved by the shareholders at an extraordinary general meeting held on 16 December 2020 and paid out of the share premium account (“2021 Interim Dividend”). The 2021 Interim Dividend of HK\$20,000,000 was paid during the year ended 31 March 2021.

At a meeting hold on 23 June 2021, the directors recommended a final dividend of HK2.5 cents per ordinary share. The proposed dividends are subject to shareholders’ approval in the forthcoming annual general meeting to be held on 18 August 2021 and are not reflected as a dividend payable in the consolidated financial statements for the year ended 31 March 2021.

## 11. EARNINGS PER SHARE

The basic earnings per share attributable to owners of the Company for the year is calculated based on the profit attributable to owners of the Company of HK\$81,449,000 (2020: HK\$12,100,000) and the weighted average number of ordinary shares of 1,000,000,000 in issue (2020: 1,000,000,000). The Company did not have any potential dilutive shares for the years ended 31 March 2021 and 2020. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

## 12. TRADE RECEIVABLES

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>2,927</b>	2,488

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

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

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	<b>2,699</b>	2,251
31-60 days	<b>187</b>	53
61-90 days	<b>22</b>	180
Over 90 days	<b>19</b>	4
	<b>2,927</b>	2,488



### 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	49,819	19,727
31-60 days	8,996	10,343
61-90 days	358	355
Over 90 days	522	606
	<u>59,695</u>	<u>31,031</u>

#### (b) Accruals and other payables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current:</b>		
Accruals for employee benefit expenses	16,654	12,309
Accruals for rental expenses	6,493	3,043
Accruals for logistic expenses	11,429	4,582
Contract liabilities in relation to customer loyalty programme	384	238
Accruals for property, plant and equipment	198	638
Contract liabilities in relation to cash coupon	312	152
Provision for reinstatement costs	1,464	700
Accruals for operating expenses and other payables	2,295	1,901
	<u>39,229</u>	<u>23,563</u>
<b>Non-current:</b>		
Provision for reinstatement costs	2,163	2,229
	<u>2,163</u>	<u>2,229</u>

### 14. COMMITMENTS

#### (a) Capital commitments

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Commitments for acquisition of property, plant and equipment	<u>4,855</u>	<u>500</u>

#### (b) Other commitments

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Service expenses for using the operating facilities of warehouse: Not later than one year	<u>-</u>	<u>8,537</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **BUSINESS REVIEW**

During the Financial Year under Review, the frequent recurrence of the novel coronavirus outbreak and as a result, the continued implementation of stringent anti-epidemic measures in Hong Kong, such as border closures and mandatory quarantine measures, have brought inbound tourism to a halt, creating uncertainty for Hong Kong’s economic development and the local retail sector. Comparing the full year of 2020 with 2019, the gross domestic product (GDP) decreased by 6.1% in real terms, while for the first quarter of 2021, real GDP decreased by 2.8% as compared with the fourth quarter of 2020. According to statistics from the Census and Statistics Department, for 2020 as a whole, the total retail sales decreased by 24.3% in value and 25.5% in volume compared with 2019, while both the value and volume of total retail sales decreased by 2.2% in the first quarter of 2021 as compared with the fourth quarter of 2020. In addition, according to the monthly visitor arrivals statistics released by the Hong Kong Tourism Board, the number of visitor arrivals from January 2020 to December 2020 decreased by 93.6% compared with the same period in 2019, while the total number of visitor arrivals in January, February and March 2021 have consecutively recorded significant drops of 99.9%, 97.2% and 91.9% respectively as compared with the same months in 2020.

Although business environment in Hong Kong remains challenging, the Group managed to record a sales growth in the Financial Year under Review despite a weakened retail market due to the fact that newly established stores are located in residential areas and the management was quick to respond to the challenges, including adjusting the product mix to further strengthen the supply of basic foodstuffs such as rice, noodles, flour, canned food, milk, chilled and frozen food, daily necessities and basic grocery products, and supplying epidemic prevention products such as face masks, to meet the daily needs of consumers in the local community.

For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$1,627,891,000, representing an increase of approximately 32.3% over that of approximately HK\$1,230,437,000 for the year ended 31 March 2020. Sales to walk-in customers through its retail stores in Hong Kong and the Macau Special Administrative Region (“**Macau**”) accounted for approximately 99.2% of the Group’s revenue for the Financial Year under Review, while bulk purchases from customers such as corporate customers and trading companies in the industry accounted for approximately 0.8% of the Group’s revenue for the Financial Year under Review. The Group’s gross profit for the year ended 31 March 2021 was approximately HK\$520,154,000, while the Group’s gross profit for the year ended 31 March 2020 was approximately HK\$411,492,000. The increase in revenue was mainly attributable to the significant increase in overall sales of the Group’s retail stores as compared to the corresponding period last year, which was in turn mainly due to (i) a significant increase in demand for household foodstuffs and grocery items as the majority of the population reduce eating out due to the pandemic; (ii) newly added sales of face masks, epidemic prevention products and daily necessities; (iii) an increase in the range of private label products and sales; and (iv) the opening of 28 new stores by the Group during this financial year. During the year, the Group recorded a 10.1% increase in same store sales performance (2020: approximately 18.6% decrease).

Profit attributable to owners of the Company for the year ended 31 March 2021 amounted to approximately HK\$81,449,000 (2020: approximately HK\$12,100,000), representing a significant increase of approximately 573.1%. The increase in profit attributable to owners of the Company was mainly attributable to (i) the substantial increase in the overall sales of the Group’s retail stores as compared to the corresponding period last year; and (ii) the Group received subsidies of approximately HK\$31,772,000 in relation to the Employment Support Scheme granted by the Hong Kong and Macau governments for the year ended 31 March 2021.

During the Financial Year under Review, the Group’s gross profit margin was approximately 32.0%, representing a decrease of approximately 1.4 percentage points as compared with approximately 33.4% for the year ended 31 March 2020. The decrease in gross profit margin was mainly attributable to the combined effect of (i) the increase in sales of basic foodstuffs and grocery products which have a lower average profit margin than that of confectioneries and snacks; and (ii) the sharp drop in inbound visitor spending which resulted in forced stock clearances of confectioneries and snacks that were not sold in time.

## **Chain Retail Stores**

As at 31 March 2021, the Group operated a total of 124 chain retail stores, including 120 chain retail stores in Hong Kong (as at 31 March 2020: 102) and 4 retail stores in Macau (as at 31 March 2020: 1). During the Financial Year under Review, the Group opened 28 new stores (including 3 new stores in Macau) and closed 7 retail stores upon expiration of the respective lease terms of the stores as a result of adjustment in the Group's store opening strategy.

As at 31 March 2021, the 120 retail stores of the Group in Hong Kong consist of 23 retail stores located in Hong Kong Island, 41 retail stores located in Kowloon and 56 retail stores located in the New Territories; while 43 retail stores are street-level stores, 74 retail stores are situated in shopping arcades within community or residential districts and 3 retail stores are situated at traffic hubs that are easily accessible by tourists, spanning over all of the 18 districts in Hong Kong. Rental expense for retail stores was approximately HK\$188,393,000 for the year ended 31 March 2021, representing an increase of approximately 15.7% as compared with approximately HK\$162,869,000 for the year ended 31 March 2020. The typical saleable area of the Group's retail stores ranges from approximately 402 square feet to 2,626 square feet.

The average monthly rent for the year ended 31 March 2021 was approximately HK\$122.0 per square feet, representing a decrease of approximately 13.5% compared with approximately HK\$141.0 per square feet for the year ended 31 March 2020. The ratio of rental expense to sales revenue of retail stores for the year ended 31 March 2021 was approximately 11.6%, which was lower than that of approximately 13.2% for the year ended 31 March 2020.

In response to the deterioration in the overall business environment subsequent to the outbreak of the novel coronavirus infection, the Group had applied for rent concession from its landlords and had received proposals for short term rent concession ranging from approximately 3.0% to 100.0% for periods ranging from one to twelve months from most of the landlords of the Group, which helped partially mitigate the rental burden of the Group under the impact of the pandemic.

## **Employees**

Employees are crucial to the sustainable development of the Group's business, and in particular, front-line staffs constitute the majority of the labour force of the Group's retail business. Although the business environment remained challenging during the year, the Group maintained a steady pace of expansion. As at 31 March 2021, the total number of employees of the Group was 935, which, excluding five Directors, comprised of 715 full-time employees and 215 part-time employees, while the total number of employees of the Group as at 31 March 2020 was 694, which, excluding five Directors, comprised of 548 full-time employees and 141 part-time employees. In order to retain talented and skilled labour force and suitably incentivise the Group's employees so as to increase cohesion and loyalty amongst them, the Group regularly reviews and refreshes the employee benefit scheme and remuneration packages with reference to the supply of the labour market and the trend of labour costs and based on the individual performance of the employees. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2021 amounted to approximately HK\$151,633,000 (2020: approximately HK\$134,973,000), representing an increase of approximately 12.3% from that for the year ended 31 March 2020. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2021 represented approximately 9.3% of the revenue of the Group for the Financial Year under Review while the staff costs (excluding the Directors' emoluments) for the year ended 31 March 2020 represented approximately 11.0% of the revenue of the Group for the corresponding year, amongst which the staff costs of frontline and warehouse staff (including basic salary, commission and other benefits) represented approximately 8.9% and 7.5% of the revenue for each of the year ended 31 March 2020 and 31 March 2021 respectively.

## **The Products**

During the Financial Year under Review, the Group continued its global procurement policy and mission by sourcing broad spectrum of products worldwide that meet and satisfy market trend and demand. To better cater to the daily needs of the local community in the time of fighting against pandemic, the Group further strengthened the supply of basic foodstuffs such as rice, noodles, flour, canned food, milk, chilled and frozen food, daily necessities and basic grocery products, as well as epidemic prevention items such as face masks, to better meet the daily needs of consumers in the local community.

For the year ended 31 March 2021, the Group offers a total of 3,603 SKUs of products (for the year ended 31 March 2020: 3,341 SKUs) from suppliers principally from overseas markets, such as Japan, Europe, the United States, Korea and countries in the South East Asia, and brand owners or importers in Hong Kong. For the year ended 31 March 2021, approximately 55.0% of the products were procured from suppliers and brand owners or importers in Hong Kong (for the year ended 31 March 2020: approximately 43.8%), while the share of import products from Japan, Europe and Vietnam represented approximately 11.9%, 6.3% and 5.1% of the whole procurement respectively (for the year ended 31 March 2020: approximately 14.5%, 13.8% and 4.7% respectively). The increase in the ratio of Hong Kong suppliers was mainly due to the increased procurement of basic foodstuffs, basic grocery products and face masks, most of which were procured from Hong Kong suppliers or Hong Kong brand owners.

As at 31 March 2021, the total amount of inventory of the Group amounted to approximately HK\$198,547,000 (2020: approximately HK\$135,755,000), representing a year-on-year increase of 46.2%. The increase in the Group's total amount of inventory was mainly due to: (i) an increase in the number of retail stores during the year under review, resulting in an increase in in-store inventory and warehouse stock; and (ii) an increase in market demand for various basic foodstuffs and grocery products during the pandemic which caused the Group to adjust its product mix and increase its product range in response to the market demand and resulted in an increase in the amount of inventory.

During the Financial Year under Review, the Group continued to actively develop private label products that on one hand allow the Group to capture advantages of pricing and exercise higher level of quality control on its products and on the other hand further uplift its brand awareness and strengthen customers' loyalty. For the year ended 31 March 2021, sales derived from private label products was approximately HK\$140,564,000 (for the year ended 31 March 2020: approximately HK\$47,658,000), representing a significant increase of approximately 194.9% from that of last financial year and accounted for approximately 8.6% of the revenue of the Group for the year ended 31 March 2021 (for the year ended 31 March 2020: approximately 3.9%). As at the Financial Year under Review, the Group has launched an aggregate of 124 private label products, including nuts and dried fruits, organic grains, wet tissues, canned food, biscuits and snacks, etc.

## Membership Scheme

Given that the retail business of the Group is a consumer-driven business, the Group placed substantial efforts in developing and reinforcing its customer base. As such, the Group has established a membership scheme since April 2015 in order to promote consumer loyalty, stimulate sales and expand customer base. In order to further deepen customer stickiness and expand customers' coverage, the Group used big data analysis and reformulated its marketing strategy to launch a new three-tier membership scheme and a second generation mobile app in mid-June 2020. The new membership scheme helps to elevate brand positioning and market recognition, and the membership rewards have been fully optimised and enhanced, with more member benefits such as multiple items purchase stamp reward, special offers for selected products and access to latest market information. Through diversified marketing strategies, the Group aims to internally strengthen the membership core from within and attract new customers through external expansion, so as to effectively and purposefully foster the ties between members and the Group, thereby driving recurring business from members and promoting sustainable growth of the Group's business.

During the Financial Year under Review, the number of the Group's members increased from approximately 1,379,000 as at 31 March 2020 to approximately 1,673,000 as at 31 March 2021, representing an increase of approximately 21.3%. Since the launch of the mobile app, the number of mobile app members has reached 538,000 as of 31 March 2021.

## Other Business Development

As disclosed in the announcement of the Company dated 22 May 2020 ("**Acquisition Announcement**") and the circular of the Company dated 4 September 2020 (the "**Acquisition Circular**"), the Group had entered into a formal sale and purchase agreement dated 17 July 2020 to conditionally acquire the entire issued shares of Allied Wide Limited ("**Allied Wide**") and the relating loan extended to Allied Wide for a consideration of HK\$176,862,000 (which was subsequently adjusted to approximately HK\$176,000,000) (the "**Acquisition**"). The sole business of Allied Wide is to hold an office property located at Offices Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 and 16 on 11th Floor and Car Parking Spaces Nos. P59, P60 and P65 on the 3rd Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong (the "**Property**"). The Acquisition was completed on 28 September 2020. Upon completion, Allied Wide became an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of Allied Wide had been consolidated into the accounts of the Group. The Property will be used as the head office of the Group in Hong Kong and will serve as the administrative and management headquarter for its Hong Kong business and for developing outbound retailing business. For further details of the Acquisition, please refer to the Acquisition Announcement and the Acquisition Circular.

## OUTLOOK

Looking ahead, the Board anticipates that the novel coronavirus will continue to bring uncertainty to the Hong Kong economy and retail business environment. The Group will continue to closely monitor the development of the various unfavourable factors affecting the operation of the Group, so as to promptly implement necessary and appropriate business measures to minimize the adverse impacts on the Group's business operation. The Group will continue to strive to reinforce its core competitiveness in the Hong Kong market by optimising its product mix to cater for the needs of the local market amidst the uncertain economic and retail environment, including exploring the possibility of further expanding the Group's product range to cover more basic foodstuffs and necessities, and further developing the Group's private label products to enrich customers' choices.

The Group will continue to adhere to its business mission in offering the "Best Price" and "Best Quality" to its customers. The management will continue to monitor the development of the pandemic and review the geographical distribution of the Group's stores, especially increasing its foothold in residential areas. In addition, the Group is actively exploring the launch of food brands that target the high-end market to meet the demands of a wider range of consumers, in an effort to diversify its business. The management of the Group is confident in working closely with its employees, customers and other stakeholders to overcome the harsh operating environment so as to create satisfactory returns for the Group's shareholders and reward the support of the Group's employees, customers and other stakeholders.

Meanwhile, the Group is actively exploring the formation of a new company to further expand its business from business-to-customer (B2C) segment to business-to-business (B2B) segment, including wholesaling the Group's private label products and other imported products to other retailers in Hong Kong, online stores and even merchants or enterprises in other overseas markets, with a view to generate more revenue streams for the Group.

During the Financial Year under Review, the Group further expanded its presence in the Macau market and was operating a total of 4 retail stores. Despite the sluggish retail environment, the Group still achieved satisfactory operating results in the Macau market, which strengthened the Group's confidence in going beyond the Hong Kong market and established the operating model for expansion into other markets.



The Group has established a wholly foreign-owned enterprise in Shenzhen, the People's Republic of China (the "PRC") in December 2019 under the name of 深圳優品叁陸零商業有限公司 (Shenzhen Best Mart 360 Commerce Limited). Although the relevant development and expansion plan was temporarily suspended due to the outbreak of the novel coronavirus pandemic and the implementation of social distancing measures and various border closures and travel restrictions, the Group has revived such plan in April 2021 by sending our Hong Kong-based staff to set up a formal office in Futian District, Shenzhen, and to commence preliminary work for staff recruitment and opening of retail stores in Shenzhen, with a view to formally open a retail store in Shenzhen in the second half of 2021 as the Group's first presence in the Mainland China market, and with the objective to expand its operating model to other cities in the Greater Bay Area, thereby extending the sales network of the Group to the whole nation.

## **FINANCIAL REVIEW**

### **Revenue**

During the Financial Year under Review, the revenue of the Group mainly represented the retail sales to walk-in customers through its retail stores in Hong Kong and Macau which accounted for approximately 99.2% of the revenue of the Group while the bulk-sales to certain bulk-purchase customers accounted for approximately 0.8% of the revenue of the Group. For the year ended 31 March 2021, the revenue of the Group was approximately HK\$1,627,891,000, representing an increase of approximately 32.3% as compared to approximately HK\$1,230,437,000 for the year ended 31 March 2020. The increase in revenue was mainly attributed to (i) a significant increase in demand for household foodstuffs and grocery items as the majority of the population reduce eating out due to the pandemic; (ii) newly added sales of face masks, epidemic prevention products and daily necessities; (iii) an increase in the range of private label products and sales; and (iv) the opening of 28 new stores by the Group during this financial year.

### **Profit for the Year**

Profit of the Group for the year ended 31 March 2021 amounted to approximately HK\$81,449,000, representing an increase of approximately 573.1% from approximately HK\$12,100,000 for the year ended 31 March 2020. Net profit margin before interest and tax for the year ended 31 March 2021 was approximately 6.2%, while the net profit margin before interest and tax for the year ended 31 March 2020 was approximately 2.1%. The increase in profit attributable to owners of the Company for the year ended 31 March 2021 as compared to that of the year ended 31 March 2020 was mainly attributable to (i) the substantial increase in the overall sales of the Group's retail stores as compared to the corresponding period last year; and (ii) the Group received subsidies of approximately HK\$31,772,000 in relation to the Employment Support Scheme granted by the Hong Kong and Macau governments for the year ended 31 March 2021.

## **Cost of Sales**

During the Financial Year under Review, the cost of sales represented the cost of inventories sold which was affected by a number of factors, such as the prevailing market conditions, the volume of orders and the type of products. For the year ended 31 March 2021, the cost of sales of the Group was approximately HK\$1,107,737,000, representing an increase of approximately 35.3% as compared to approximately HK\$818,945,000 for the year ended 31 March 2020. The increase in cost of sales was generally in line with the increase in revenue following the increase of new retail stores opened in Hong Kong and Macau for the year ended 31 March 2021.

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

For the year ended 31 March 2021, the gross profit of the Group was approximately HK\$520,154,000 (same period in 2020: approximately HK\$411,492,000), representing an increase of approximately 26.4%, while the gross profit margin was approximately 32.0% (same period in 2020: approximately 33.4%). The decrease in gross profit margin was mainly attributable to the combined effect of (i) the increase in sales of basic foodstuffs and grocery products which have a lower average profit margin than that of confectioneries and snacks; and (ii) the sharp drop in inbound visitor spending which resulted in forced stock clearances of confectioneries and snacks that were not sold in time.

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

For the year ended 31 March 2021, the Group recorded net other income and other gains of approximately HK\$32,815,000, while for the year ended 31 March 2020 it recorded net other income and other gains of approximately HK\$5,301,000. During the year ended 31 March 2021, the net other income and other gains was mainly the combined results of: (i) interest income from bank deposits; (ii) net loss on written-off/disposal of property, plant and equipment; and (iii) the first and second tranche of wage subsidies of HK\$31,636,000 under the Employment Support Scheme (the “**Employment Support Scheme**”) launched by the Hong Kong Government; and (iv) MOP140,000 in aggregate under an anti-epidemic fund (Planos do Fundo de Apoio ao Combate à Epidemia no Valor de 10 Mil Milhões de Patacas 百億抗疫援助基金計劃) launched by the Macau Government (collectively, “**Government Grant**”).

### **Selling and Distribution Expenses**

For the year ended 31 March 2021, selling and distribution expenses of the Group amounted to approximately HK\$399,140,000, representing an increase of approximately 14.7% from approximately HK\$347,906,000 for the year ended 31 March 2020. The increase in selling and distribution expenses was mainly due to (i) the increase of rental expenses for opening additional or new retail stores in Hong Kong and Macau; (ii) the increase of other expenses associated with opening additional or new retail stores, such as management fees and government rent and rates and purchase of equipment for store operation; (iii) the increase of logistic fees due to the increase of retail stores and the upward adjustment of logistic fees; and (iv) the increase in salaries and wages for front-line staff due to the increase of number of retail stores.

### **Administrative and Other Expenses**

For the year ended 31 March 2021, administrative and other expenses of the Group amounted to approximately HK\$52,161,000, representing an increase of approximately 19.9% from approximately HK\$43,513,000 for the year ended 31 March 2020. The increase in administrative and other expenses was mainly due to (i) the recruitment of additional personnel and establishment of new job titles during this financial year to cope with business development and strengthen internal control and back office support; (ii) an increase in the annual provision for depreciation due to the purchase of an office property to be used as a headquarter; and (iii) an increase in staff welfare.

### **Finance Costs**

Finance costs of the Group for the year ended 31 March 2021 amounted to approximately HK\$9,921,000, representing a decrease of approximately 10.3% from approximately HK\$11,061,000 for the year ended 31 March 2020.

### **Income Tax Expenses**

The income tax expenses of the Group increased from approximately HK\$2,213,000 for the year ended 31 March 2020 to approximately HK\$10,298,000 for the year ended 31 March 2021. Hong Kong profits tax has been provided at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

## Financial Position, Liquidity and Financial Resources

As at 31 March 2021, the Group's total cash and bank balances (including cash and cash equivalents) were approximately HK\$91,312,000 (31 March 2020: HK\$215,911,000), representing a decrease of approximately HK\$124,599,000 which was mainly due to (i) the payment of approximately HK\$126,000,000 during the year, being the partial consideration payment for the Acquisition; and (ii) the interim dividend amounting to HK\$20,000,000 in aggregate for the six months ended 30 September 2020 (the “**Interim Dividend**”) paid in January 2021. The current ratio (calculated by current assets divided by current liabilities) of the Group decreased from approximately 1.6 times as at 31 March 2020 to approximately 1.0 times as at 31 March 2021.

The gearing ratio of the Group was calculated by total debts divided by the total equity at the end of the year and multiplied by 100%, which was approximately 29.2% as at 31 March 2021 and approximately 32.5% as at 31 March 2020. The total debts of the Group represent bank borrowings. The decrease in gearing ratio was mainly due to the substantial increase in profit for this financial year.

As at 31 March 2021, the Group has total bank borrowings of approximately HK\$107,496,000, representing an increase of approximately 8.0% as compared with approximately HK\$99,542,000 as at 31 March 2020. The total unutilised banking facility extended by commercial banks as at 31 March 2021 amounted to approximately HK\$222,211,000. The carrying amounts of the Group's borrowings are denominated in Hong Kong dollars, secured and approximate to their fair value.

The overview of the Group's cash flow for the year ended 31 March 2021 and 31 March 2020 respectively are set out as follows:

	<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash generated from operating activities	<b>247,557</b>	115,087
Net cash used in investing activities	<b>(205,739)</b>	(9,315)
Net cash used in financing activities	<b>(166,417)</b>	(162,140)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(124,599)</b>	(56,368)
	<hr/> <hr/>	<hr/> <hr/>

The Group financed its liquidity and working capital requirements through a combination of various sources, including but not limited to cash generated from the Group's operations, bank borrowings, net proceeds from the Share Offer (as defined below), and other external equity and debt financings as and when appropriate.

## **Capital Structure**

The Shares were successfully listed on the main board of the Stock Exchange on 11 January 2019 by way of share offer (“**Share Offer**”). Since then, there has been no change in the capital structure of the Company. The capital structure of the Company comprises of issued share capital and reserves. As at 31 March 2021, the Company had 1,000,000,000 Shares in issue.

## **Capital Commitments**

Details of the capital commitments are set out in note 14.

## **Pledge of assets**

As at 31 March 2021, 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 HK\$176,342,000 (2020: Nil).

## **Foreign Currency Risk**

The Group operates in Hong Kong and Macau and is exposed to foreign exchange risk from (i) the purchase of products from various overseas suppliers mainly from Japan, Europe and Vietnam, which purchases are primarily settled in foreign currencies; and (ii) the revenue generated from the operation in Macau. Nevertheless, taking into account the retail industry practice and the Group’s current operation and the stable exchange rate of Macau Pataca historically, the Directors do not consider the Group is subject to material foreign exchange risk. The Group will take proactive measures and monitor closely of its exposure to such currency movement.

## **Treasury Policies**

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

## USE OF PROCEEDS FROM THE SHARE OFFER

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

As disclosed in the announcement of the Company dated 15 January 2020 (the “**First Change of Proceeds Use Announcement**”), the Board resolved to change the use of part of the unutilised Net Proceeds in the amount of HK\$30.0 million allocated for opening of new retail stores in Hong Kong to outbound investment (including but not limited to the expansion of the retail business of the Group in Macau and Mainland China).

As further disclosed in the announcement of the Company dated 24 August 2020 (the “**Second Change of Proceeds Use Announcement**”), the Board resolved to further change the use of part of the unutilised Net Proceeds in the amount HK\$60.0 million for the payment of part of the consideration for the Acquisition as disclosed in the Acquisition Announcement dated 22 May 2020.

As at 31 March 2021, approximately HK\$203,600,000 (representing approximately 95.3% of the Net Proceeds) had been utilised. Set out below is the breakdown of the use of the Net Proceeds up to 31 March 2021:

	Original amount of Net Proceeds allocated (approximately) <i>HK\$'million</i>	Revised allocation of Net Proceeds (as disclosed in the First Change of Proceeds Use Announcement) (approximately) <i>HK\$'million</i>	Further revised allocation of Net Proceeds (as disclosed in the Second Change of Proceeds Use Announcement) (approximately) <i>HK\$'million</i>	Amount of proceeds used up to 31 March 2021 (approximately) <i>HK\$'million</i>	Unutilised amount of proceeds as at 31 March 2021 (approximately) <i>HK\$'million</i>
<b>Specific use of Net Proceeds</b>					
(A) Opening of new retail stores in Hong Kong	142.1	112.1	98.1	98.1	-
(B) Intensifying and broadening marketing efforts	28.9	28.9	13.9	11.8	2.1
(C) Upgrading information technology systems	21.6	21.6	8.6	8.0	0.6
(D) General working capital	21.1	21.1	21.1	19.3	1.8
(E) Outbound investment	-	30.0	12.0	6.4	5.6
(F) Acquisition of Property	-	-	60.0	60.0	-
	213.7	213.7	213.7	203.6	10.1

As at 31 March 2021, approximately HK\$10.1 million (representing approximately 4.7% of the Net Proceeds) had not yet been utilized. It is expected that the remaining Net Proceeds will be fully utilised by 2022 in accordance with the revised intended use as stated in the Second Change of Proceeds Use Announcement.

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2021, excluding five Directors, the Group employed a total of 715 (2020: 548) full-time employees and 215 (2020: 141) part-time employees. The staff costs, excluding Directors' emoluments, of the Group for the year ended 31 March 2021 was approximately HK\$151,633,000 (2020: approximately HK\$134,973,000). 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 remuneration policy of the Group to reward the employees is based on their performance, qualifications, experience and competence. Remuneration package typically comprises salary, contribution to pension schemes, discretionary annual bonus, performance-related bonus, sales target bonus and miscellaneous duties-related allowances. The Group conducts annual review on the performance of the employees and make reference to such performance review for assessing discretionary annual bonus, salary adjustments and promotion appraisals. The remuneration package of the executive Directors and the senior management is determined with reference to those paid by comparable companies, time commitment and performance of the Directors and senior management, as well as the performance of the Group. A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group with reference to their experience, responsibilities, workload and time devoted to the Group and performance of the Group.

## **MATERIAL INVESTMENTS**

Save as disclosed in this announcement, the Group did not have any material investments during the year ended 31 March 2021.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

On 28 September 2020, the Group completed the acquisition of the entire issued shares of Allied Wide and the relating loan extended to Allied Wide for a consideration of HK\$176,862,000 (which was subsequently adjusted to approximately HK\$176,000,000). Allied Wide holds an office property located at Offices Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 and 16 on 11th Floor and Car Parking Spaces Nos. P59, P60 and P65 on the 3rd Floor, C-Bons International Center, No.108 Wai Yip Street, Kowloon, Hong Kong. Allied Wide became an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of Allied Wide had been consolidated into the accounts of the Group. For further details of the Acquisition, please refer to the Acquisition Announcement and the Acquisition Circular.

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

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets as at 31 March 2021.

## **CONTINGENT LIABILITIES**

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 31 March 2021.

## **FINAL DIVIDEND**

The Board has recommended the payment of final dividend of HK2.5 cents per share for the year ended 31 March 2021 (2020: nil).

Subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on Wednesday, 18 August 2021 (the “AGM”), the proposed final dividend is expected to be paid on or around Monday, 6 September 2021 to the Shareholders whose names appear on the register of members of the Company on Thursday, 26 August 2021. To ascertain shareholders’ entitlement to the final dividend, if the proposed final dividend is approved by the Shareholders at the AGM, the register of members of the Company will be closed from Tuesday, 24 August 2021 to Thursday, 26 August 2021 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 23 August 2021.



## **CLOSURE OF SHARE REGISTER FOR AGM**

For determining the entitlement of the Shareholders to attend and vote at the forthcoming AGM to be held on Wednesday, 18 August 2021, the register of members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 12 August 2021.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

Since the outbreak of novel coronavirus pandemic in January 2020, the global economy continues to experience sharp contraction despite the massive monetary and fiscal support measures from central banks and governments worldwide. Despite the Hong Kong Government launched various relief measures in minimising the impacts of the pandemic on local economy and for supporting the recovery of domestic economy (pursuant to which the Group has been granted HK\$31,772,000 wage subsidies under the Employment Support Scheme launched by the Hong Kong Government and the Macau Government), it is expected that the economic activities will take time to fully recover and the process of recovery will be depend, amongst other factors, upon the pandemic being well-contained in Hong Kong, the Greater China region and globally. Hence, the time duration and scope of the disruptions from the novel coronavirus infection cannot be accurately assessed at this point of time. Such disruptions, if continue, will inevitably affect the Group's subsequent operation performance.

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 March 2021 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 Financial Year under Review.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the Financial Year under Review.

## **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 financial year under review, save as disclosed below, 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:

- (1) Under Code Provision A.6.7, independent non-executive directors should generally attend general meetings to develop a balanced understanding of the views of shareholders. During the year, not all independent non-executive directors attended general meetings of the Company due to prior or unexpected business engagements.
- (2) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. Due to unexpected business engagements, the chairman of the Board was unable to attend the annual general meeting of the Company held on 18 August 2020, which deviates from Code Provision E.1.2.

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

The Board is primarily responsible for overseeing and supervising the overall management of the Group's business. The Board is collectively responsible for promoting the success of the Company by providing effective leadership and direction to its business, formulating group policies and business directions, monitoring internal controls and performances, and ensuring transparency and accountability of its operations. The Board has established three committees, namely the audit committee, the remuneration committee and the nomination committee to assist in carrying out its responsibilities and functions. Each of these committees has specific written terms of reference setting out its duties and authorities, and are available for review on the respective website of the Company and the Stock Exchange.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS**

The Group's audited annual results for the year ended 31 March 2021 had been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

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

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bestmart360.com>). The annual report for the year ended 31 March 2021 will be available on the above websites and despatched to Shareholders in due course.

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

Hong Kong, 23 June 2021

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