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 2022

HIGHLIGHTS

- For the year ended 31 March 2022, the revenue recorded by the Group amounted to approximately HK$1,983,526,000, representing an increase of approximately 21.8% as compared to approximately HK$1,627,891,000 for the year ended 31 March 2021.

- Profit attributable to owners of the Company for the year ended 31 March 2022 was approximately HK$109,804,000 (2021: approximately HK$81,449,000), representing an increase of approximately 34.8%. If excluding the Government subsidies of approximately HK$31,772,000 in the last corresponding year, the Group recorded an increase of approximately 121.0% profit attributable to owners.

- Earnings per share attributable to owners of the Company for the year ended 31 March 2022 was approximately HK11.0 cents (2021: HK8.1 cents).

- The Board has recommended the payment of final dividend of HK8.0 cents per share for the year ended 31 March 2022 (2021: HK2.5 cents per share).

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 2022 (the "**Financial Year under Review**"), together with the comparative figures for the year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*5*	**1,983,526**	1,627,891
Cost of sales		**(1,315,872)**	(1,107,737)
Gross profit		**667,654**	520,154
Other income and other gains, net	*6*	**875**	32,815
Selling and distribution expenses		**(457,812)**	(399,140)
Administrative and other expenses		**(69,224)**	(52,161)
Operating profit		**141,493**	101,668
Finance costs	*7*	**(7,309)**	(9,921)
Profit before income tax	*8*	**134,184**	91,747
Income tax expense	*9*	**(24,380)**	(10,298)
Profit for the year attributable to owners of the Company		**109,804**	81,449
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas operations		**108**	–
Other comprehensive income for the year, net of tax		**108**	–
Total comprehensive income for the year		**109,912**	81,449
Total comprehensive income attributable to owners of the Company		**109,912**	81,449
Earnings per share attributable to owners of the Company:			
– Basic and diluted (HK cents)	*11*	**11.0**	8.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**442,411**	431,598
Deposits		**34,311**	37,449
Deposits paid for purchase of property, plant and equipment		**782**	7,108
Deferred tax assets		**1,516**	1,902
		479,020	478,057
Current assets			
Inventories		**217,969**	198,547
Trade receivables	*12*	**5,749**	2,927
Deposits, prepayments and other receivables		**67,339**	50,359
Cash and bank balances		**130,076**	91,312
		421,133	343,145
Total assets		**900,153**	821,202
Current liabilities			
Trade payables	*13*	**75,624**	59,695
Accruals and other payables	*13*	**44,116**	39,229
Bank borrowings		**82,981**	107,496
Lease liabilities		**129,913**	142,571
Income tax payable		**16,778**	8,083
		349,412	357,074
Net current assets/(liabilities)		**71,721**	(13,929)
Total assets less current liabilities		**550,741**	464,128

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Non-current liabilities			
Accruals and other payables	*13*	**1,942**	2,163
Lease liabilities		**110,756**	93,834
		112,698	95,997
Net assets		**438,043**	368,131
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**10,000**	10,000
Reserves		**428,043**	358,131
Total equity		**438,043**	368,131

NOTES

For the year ended 31 March 2022

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 11/F., C-Bons International Centre, 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 Hong Kong, the Macau Special Administrative Region ("**Macau**") and the People's Republic of China ("**PRC**") and wholesaling in Hong Kong.

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:

- 2020 Amendments to HKFRS 16: Covid-19-Related Rent Concessions

- 2021 Amendment to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

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

The new or amended HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group's accounting policies.

(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.

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies[2]
Amendments to HKAS 8	Definition of accounting estimates[2]
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[4]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

HKFRS 17 – Insurance Contracts and the related Amendments

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.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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 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 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

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 8 – Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

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 12 – Deferred tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it does not apply to such transactions as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

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 – Property, plant and equipment – 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 is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

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.

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

The financial statements have been prepared under the historical cost 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 2022 and 2021, 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°)" 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-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 2022 and 2021.

	Hong Kong	**Macau**	**PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2022				
Revenue	1,921,810	60,749	967	1,983,526
Non-current assets*	417,519	20,828	4,064	442,411
31 March 2021				
Revenue	1,582,240	45,651	–	1,627,891
Non-current assets*	411,056	20,542	–	431,598

* 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 2022 (2021: 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 year is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from		
Retailing sales	**1,979,589**	1,620,770
Wholesale	**16,889**	12,534
Less: Sales discounts	**(12,952)**	(5,413)
	1,983,526	1,627,891

6. OTHER INCOME AND OTHER GAINS, NET

	2022	2021
	HK$'000	*HK$'000*
Interest income from bank deposits	**43**	1,020
Losses on written-off/disposal of property, plant and equipment, net	**(367)**	(615)
Promotion income	**–**	377
Government grant	**–**	31,772
Others	**1,199**	261
	875	32,815

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**1,416**	2,359
Interest expenses on lease liabilities	**5,893**	7,562
	7,309	9,921

8. PROFIT BEFORE INCOME TAX

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

	2022	2021
	HK$'000	*HK$'000*
Directors' emoluments	**1,476**	1,476
Staff costs:		
– Wages, salaries and other benefits	**173,629**	145,414
– Contributions to defined contribution pension plans	**7,706**	6,219
Depreciation of property, plant and equipment	**194,847**	165,840
Auditor's remuneration	**880**	820
Exchange differences, net	**112**	(285)
Cost of inventories recognised as expenses	**1,315,872**	1,107,737
Written-off of inventories	**7,203**	8,203
Service expenses for using the operating facilities of warehouse	**–**	10,090
Operating lease payments in respect of retail stores		
– Short-term lease expenses	**6,354**	8,333
– Contingent rents	**17,802**	14,115
	24,156	22,448

9. INCOME TAX EXPENSE

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

	2022	2021
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong Profits Tax	**23,823**	10,139
– Macau Complementary Income Tax ("**MCIT**")	**524**	450
	24,347	10,589
– (Over-provision)/under-provision in respect of prior year	**(353)**	115
	23,994	10,704
Deferred income tax	**386**	(406)
Income tax expense	**24,380**	10,298

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 2022 and 2021, 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 2022 and 2021.

No provision of the PRC Corporation Income Tax ("**CIT**") has been made as the Group has no assessable profit for CIT for the years ended 31 March 2022 and 2021.

10. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Proposed final dividend	**80,000**	25,000
Final dividend in respect of previous financial year, approved and paid during the year	**25,000**	–
Interim dividend declared and paid	**15,000**	20,000
	40,000	20,000

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.

On 18 August 2021, a final dividend of HK2.5 cents per share for the year ended 31 March 2021 was approved by the Company's shareholders ("**2021 Final Dividend**"). The 2021 Final Dividend of HK$25,000,000 was paid during the year ended 31 March 2022.

On 26 November 2021, the Board has resolved to pay an interim dividend of HK1.5 cents per share, amounting to a total dividend of HK$15,000,000 ("**2022 Interim Dividend**"), in respect of the six months ended 30 September 2021. The 2022 Interim Dividend of HK$15,000,000 was paid during the year ended 31 March 2022.

At a meeting held on 24 June 2022, the directors recommended a final dividend of HK8.0 cents per ordinary share. The proposed dividends are subject to shareholders' approval in the forthcoming annual general meeting to be held on 19 August 2022 and are not reflected as a dividend payable in the consolidated financial statements for the year ended 31 March 2022.

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$109,804,000 (2021: HK$81,449,000) and the weighted average number of ordinary shares of 1,000,000,000 in issue (2021: 1,000,000,000). The Company did not have any potential dilutive shares for the years ended 31 March 2022 and 2021. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

12. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**5,749**	2,927

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:

	2022	2021
	HK$'000	*HK$'000*
0-30 days	**5,164**	2,699
31-60 days	**160**	187
61-90 days	**392**	22
Over 90 days	**33**	19
	5,749	2,927

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:

	2022	2021
	HK$'000	*HK$'000*
0-30 days	**67,002**	49,819
31-60 days	**8,233**	8,996
61-90 days	**122**	358
Over 90 days	**267**	522
	75,624	59,695

(b) Accruals and other payables

	2022	2021
	HK$'000	*HK$'000*
Current:		
Accruals for employee benefit expenses	**17,164**	16,654
Accruals for rental expenses	**8,714**	6,493
Accruals for logistic expenses	**8,222**	11,429
Contract liabilities in relation to customer loyalty programme	**491**	384
Accruals for property, plant and equipment	**192**	198
Contract liabilities in relation to cash coupon	**25**	312
Provision for reinstatement costs	**1,704**	1,464
Accruals for operating expenses and other payables	**7,604**	2,295
	44,116	39,229
Non-current:		
Provision for reinstatement costs	**1,942**	2,163
	1,942	2,163

14. CAPITAL COMMITMENTS

	2022	2021
	HK$'000	*HK$'000*
Commitments for acquisition of property, plant and equipment	**534**	4,855

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leisure food retailer operating chain retail stores under the brands "Best Mart 360° (優品360°)" and "FoodVille" in Hong Kong, Macau and Mainland China. 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) 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

During the Financial Year under Review, the recurrence of the novel coronavirus outbreak led to a sluggish Hong Kong economy and retail market and a challenging business environment. In the second half of 2021, the novel coronavirus pandemic in Hong Kong had stabilised for a while and the retail market gradually recovered, driven by the launch of the Consumption Voucher Scheme (CVS) and the festive atmosphere. However, the outbreak of Omicron in early 2022, a new coronavirus variant, brought about a fifth wave of pandemic in Hong Kong. To control the spread of this outbreak, stringent anti-epidemic measures, such as Vaccine Pass, compulsory quarantine measures and continued border closures, were re-imposed in Hong Kong, which dealt a huge blow to both the tourism and retail sectors, dampened personal consumption expenditure, and continued to shroud the market with uncertainties.

According to statistics from the Census and Statistics Department, for the year 2021 as a whole, the retail sales value increased by 8.1% year-on-year, showing clear signs of recovery; however, the seasonally adjusted provisional estimate of the value and volume of total retail sales decreased by 14.9% and 16.3%, respectively, in the first quarter of 2022 compared with the fourth quarter of 2021, bringing the previous upward trend of retail sales in Hong Kong back to a downward trend. In addition, according to the monthly visitor arrivals statistics released by the Hong Kong Tourism Board, the number of visitor arrivals from January 2021 to December 2021 fell by 97.4% compared with the same period in 2020, and recorded a drop of 30.5% in the first quarter of 2022 compared with the same period in 2021.

Although the business environment in Hong Kong remains challenging, the Group has coped with such challenges in a positive way, including making timely adjustments to the product mix to strengthen the supply of basic foodstuffs such as cereals, noodles, canned food, milk, chilled and frozen food, as well as daily necessities and other anti-epidemic supplies to meet the daily needs of consumers in the local community. The Group managed to record sales growth in the Financial Year under Review despite an overall weakened retail market.

For the year ended 31 March 2022, the Group recorded revenue of approximately HK$1,983,526,000, representing an increase of approximately 21.8% over that of approximately HK$1,627,891,000 for the year ended 31 March 2021. Sales to walk-in customers through its retail stores in Hong Kong, Macau and Mainland China accounted for approximately 99.1% of the Group's revenue for the Financial Year under Review. The Group's gross profit for the year ended 31 March 2022 was approximately HK$667,654,000, while gross profit for the year ended 31 March 2021 was approximately HK$520,154,000. The increase in revenue was mainly attributable to the substantial increase in overall sales from 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 consumers reduced eating out during the pandemic; (ii) an increase in sales of anti-epidemic supplies, such as face masks, and daily necessities; and (iii) net opening of 14 stores by the Group during this financial year. During the financial year, the Group recorded a 7.3% growth in same store sales performance (2021: approximately 10.1% growth).

Profit attributable to owners of the Company for the financial year ended 31 March 2022 amounted to approximately HK$109,804,000 (2021: approximately HK$81,449,000), representing a significant increase of approximately 34.8%. The increase in profit attributable to owners of the Company was mainly attributable to the substantial increase in the overall sales from the Group's retail stores as compared to the corresponding period last year.

For the Financial Year under Review, the Group's gross profit margin was approximately 33.7%, representing an increase of approximately 1.7 percentage points as compared to approximately 32.0% for the year ended 31 March 2021. The increase in gross profit margin was mainly attributable to the (i) adjustment of sales strategy; (ii) continuous optimisation of product mix; (iii) effective control over cost; and (iv) significant increase in sales of private label products, including personal care products, nuts and dried fruits and cereals.

Chain Retail Stores

As at 31 March 2022, the Group operated a total of 138 chain retail stores, including 130 chain retail stores in Hong Kong (as at 31 March 2021: 120), six chain retail stores in Macau (as at 31 March 2021: four) and two chain retail stores in Mainland China (as at 31 March 2021: nil). During the Financial Year under Review, the Group opened 24 new retail stores (including 20 in Hong Kong, two in Macau and two in Mainland China), and closed 10 stores upon expiration of their respective lease terms in line with the adjustment in the Group's store opening strategy.

As at 31 March 2022, the 130 retail stores of the Group in Hong Kong consist of 26 stores located in Hong Kong Island, 41 stores located in Kowloon and 63 stores located in the New Territories; in which over 60% of the stores are situated in shopping arcades within community or residential districts, while the remaining are mainly street-level stores. Rental expense (cash basis) for retail stores in Hong Kong and Macau was approximately HK$212,136,000 for the year ended 31 March 2022, representing an increase of approximately 12.6% as compared with approximately HK$188,393,000 for the financial year ended 31 March 2021. The ratio of rental expense to sales revenue of retail stores was approximately 10.7%, which was lower than that of approximately 11.6% for the financial year ended 31 March 2021. The typical saleable area of the Group's retail stores ranges from approximately 515 square feet to 2,626 square feet.

In view of the volatile novel coronavirus pandemic and the fifth wave of outbreak, which once again caused a deterioration in the overall business environment in Hong Kong, the Group was offered short-term rent concession during the period from some of its landlords for terms ranging from one to six months, 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 staff represents an important component of the labour force of the Group's retail business. Although the business environment remained challenging during the Financial Year under Review, the Group maintained a steady pace of expansion. As at 31 March 2022, the total number of employees of the Group was 912, (excluding five directors) and comprising of 699 full-time employees and 213 part-time employees, while the total number of employees of the Group as at 31 March 2021 was 930, (excluding five Directors) and comprising of 715 full-time employees and 215 part-time employees. In order to retain talented and skilled labour force and suitably incentivise the Group's employees so as to increase staff cohesion and loyalty, the Group regularly reviews and refreshes its employee benefit scheme and remuneration packages with reference to the supply in the labour market and the trend of labour costs and according to the individual performance of the employees. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2022 amounted to approximately HK$181,335,000 (2021: approximately HK$151,633,000), representing an increase of approximately 19.6% from that for the year ended 31 March 2021. The staff costs were higher for the financial year ended 31 March 2022 despite the fewer number of staff as at 31 March 2022, due to higher staff turnover rate during the Financial Year. The average number of staff during the Financial Year under Review was higher than that of the corresponding year. The staff costs (excluding the Directors' emoluments) for the year ended 31 March 2022 represented approximately 9.1% of the Group's revenue for the Financial Year under Review, while the staff costs (excluding the Directors' emoluments) for the year ended 31 March 2021 represented approximately 9.3% of the Group's revenue for the last corresponding year, amongst which the staff costs of frontline and warehouse staff (including basic salary, commission and other benefits) represented approximately 7.2% and 7.5% of the revenue for each of the financial years ended 31 March 2022 and 31 March 2021, respectively.

The Products

During the Financial Year under Review, the Group continued its global procurement policy and mission by sourcing a broad spectrum of products worldwide to meet and satisfy market trend and demand. To better cater to the daily needs of the local community in fighting against the pandemic, the Group further strengthened the supply of basic foodstuffs such as cereals, noodles, canned food, milk, frozen and chilled food, daily necessities and basic groceries, as well as anti-epidemic supplies, such as face masks, to better meet the daily needs of consumers in the local community. In addition, the Group continued to enhance the sale of its private labels in retail stores, including nuts and dried fruits, organic cereals, wet tissues, canned food, biscuit and snacks and other products, offering consumers a more diversified range of selections.

For the financial year ended 31 March 2022, the Group procured quality products from overseas suppliers and brand owners or importers in Hong Kong and sold a total of 3,560 SKUs of products (for the financial year ended 31 March 2021: 3,603 SKUs) to all over the world, with product origins mainly from, among others, Japan and Korea, the United States and Australia, Vietnam and Thailand, as well as China, Taiwan and Hong Kong. The Group sourced the most popular and trendy food products from every country to offer a globally-diversed, multi-brand and multi-category selection for every customer.

As at 31 March 2022, the total inventory of the Group amounted to approximately HK$217,969,000 (2021: approximately HK$198,547,000), representing a year-on-year increase of 9.8%. The increase in the Group's total inventory was mainly in line with the expansion of stores and the Group has been implementing effective and stringent inventory control management throughout the period under review.

During the Financial Year under Review, the Group continued to actively develop private label products that on the one hand allowed the Group to capture the pricing opportunities and exercise higher level of quality control on its products and on the other hand further uplifted the Group's brand awareness and strengthened customers' loyalty. For the financial year ended 31 March 2022, sales derived from private label products was approximately HK$323,556,000 (for the year ended 31 March 2021: approximately HK$140,564,000), representing a significant increase of approximately 130.2% from that of last financial year and accounted for approximately 16.3% of the revenue of the Group for the financial year ended 31 March 2022 (for the year ended 31 March 2021: approximately 8.6%). During the Financial Year under Review, the Group has launched approximately 70 private label products, including personal care and anti-epidemic products, nuts and dried fruits, cereals, Chinese delicacies and groceries, etc.

Membership Scheme

Given that the retail business of the Group is a consumer-driven business, substantial efforts are placed in developing and reinforcing its customer base. Accordingly, the Group 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 1,673,000 as at 31 March 2021 to approximately 1,861,000 as at 31 March 2022, representing an increase of approximately 11.3%. Since the launch of the mobile app in March 2019, over 740,000 people have registered as members through the Group's mobile app as of 31 March 2022.

OUTLOOK

Looking ahead, the Board anticipates that the Hong Kong economy will continue to be affected by the novel coronavirus in the near future and that tourism and consumer-related sectors will continue to be under pressure. In the face of uncertainties in the Hong Kong economy and the retail business environment, the Group will take a cautiously optimistic approach in relation to business expansion, closely monitor market changes and take quick and appropriate measures to enhance the business operational effectiveness of the Group. Notwithstanding the short-term downward pressure on the economy, the Group believes that with the gradual control of the pandemic situation and the gradual relaxation of social distancing measures, business activities are expected to recover at an accelerated pace, coupled with a new round of CVS which is expected to drive a gradual rebound in consumer sentiment in the market. Therefore, the Group will continue to strengthen its core competitiveness in the Hong Kong market by optimising its product mix to cover more basic foodstuffs and necessities and enhancing the development of its private label products, in order to cater to the needs of the local market. The Group will also actively seek for more quality supply channels and control costs and product quality, in order to provide products with better value to customers.

The Group will continue to adhere to the objective of global procurement, and remain truthful to the business philosophy of offering the "Best Quality" and "Best Price". The management will continue to monitor the development in external environment and review the geographical distribution of the Group's stores. The Group will actively identify suitable locations to expand the sales network of "Best Mart 360" and "FoodVille". Existing stores will also undergo internal enhancement to optimise product display space and provide a more comfortable shopping environment for customers.

The Group also strives to strengthen its internal governance and risk management capabilities by continuously optimising systems and workflows, rationalising the use of resources and cumbersome procedures to enhance operational efficiency; and performing comprehensive monitoring through methods of assessment, analysis and review from multiple perspectives to minimise potential risk factors.

The Group plans to strengthen its marketing strategy. A brand-new Best Mart 360 website was launched in May 2022. In addition to providing more information on product promotions and food and lifestyle tips in the "Blog" section, the website also features a new page on "Corporate Responsibility" to share the Group's experience in participating charitable activities, allow customers to better understand Best Mart 360's faith - "Nothing is impossible. Believe we can do it!", bring the Group closer to the public, and reinforce the positive image of the brand. Furthermore, the Group will also try using different channels to strengthen its promotion activities in order to introduce the brand or products to customers with an aim to attract more customers of different segments.

On the membership front, the Group has established a membership scheme since April 2015, which offers exclusive member benefits and privileges on a regular basis to enhance customer loyalty. To further enhance the brand image, the Group will optimise the membership scheme to increase the number of members and broaden the customer base, such optimisation includes reviewing the membership scheme in a timely manner, streamlining the membership registration and enrolment process, and adding more membership points redemption programs, etc.

The Group also plans to further expand its business-to-business (B2B) segment by bulk selling 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 and expand the potential customer base of the Group.

During the Financial Year under Review, the Group implemented an expansion plan into the Greater Bay Area by setting up its first presence in the Mainland China market with two retail stores opened in Shenzhen. The Group will actively explore successful profit models and apply them to other cities within the Greater Bay Area to accelerate its presence in the Greater Bay Area and extend its sales network to the whole nation. During the year, the Group continued to expand its sales network in the Macau market, operating a total of six chain retail stores. Despite the uncertainties in the business environment brought about by the recurrence of the novel coronavirus outbreak, the Group has successfully expanded its business model to the Macau market, and has achieved satisfactory operating results. In the future, the Group will continue to implement its expansion plan in Macau, and continue to identify suitable locations in the region with reference to the geographical location, size and layout of the stores as in line with its expansion strategy, laying the foundation for the Group's vision of moving beyond the Hong Kong market.

The Group believes that the above enhancement measures and development plans will undoubtedly provide a solid foundation for the Group's sustainable development. The Group is confident of working closely with its staff and partners to overcome any difficulties so as to create better results for the Group and bring satisfactory returns to the shareholders.

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 which accounted for approximately 99.1% of the revenue of the Group. For the year ended 31 March 2022, the revenue of the Group was approximately HK$1,983,526,000, representing an increase of approximately 21.8% as compared to approximately HK$1,627,891,000 for the year ended 31 March 2021. 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) sales of face masks, anti-epidemic products and daily necessities increased under pandemic; (iii) an increase in the range of private label products and sales; and (iv) the net opening of 14 new stores by the Group during this financial year.

Profit for the Year

Profit of the Group for the financial year ended 31 March 2022 amounted to approximately HK$109,804,000, representing an increase of approximately 34.8% from approximately HK$81,449,000 for the financial year ended 31 March 2021. Net profit margin before interest and tax for the financial year ended 31 March 2022 was approximately 7.1%, while the net profit margin before interest and tax for the financial year ended 31 March 2021 was approximately 6.2%. Net profit margin was approximately 5.5% as compared to 5.0% in the previous financial year. The increase in profit attributable to owners of the Company for the financial year ended 31 March 2022 as compared to that of the financial year ended 31 March 2021 was mainly attributable to the substantial increase in the overall sales of the Group's retail stores as compared to the corresponding period in last year.

Gross Profit and Gross Profit Margin

For the financial year ended 31 March 2022, the gross profit of the Group was approximately HK$667,654,000 (2021: approximately HK$520,154,000), representing an increase of approximately 28.4%, while the gross profit margin was approximately 33.7% (2021: approximately 32.0%). The increase was attributable to (i) adjustment of sales strategy; (ii) continuous optimisation of product mix; (iii) cost control; and (iv) significant increase in sales of own-brand products, including personal care products, nuts, dried fruits and cereals.

Other Income and Other Gains, Net

For the financial year ended 31 March 2022, the Group recorded net other income and other gains of approximately HK$875,000, while for the financial year ended 31 March 2021 it recorded net other income and other gains of approximately HK$32,815,000. The decrease in other income and other gains, net, was mainly due to not obtaining any government grants this financial year (2021: approximately HK$31,772,000).

Selling and Distribution Expenses

For the financial year ended 31 March 2022, selling and distribution expenses of the Group amounted to approximately HK$457,812,000, representing an increase of approximately 14.7% from approximately HK$399,140,000 for the financial year ended 31 March 2021. The increase in selling and distribution expenses was mainly due to (i) during the Financial Year under Review, a net of 14 new retail stores were opened in Hong Kong, Macau and Mainland China, resulting in a corresponding increase in rental expenses and other operating expenses, logistics costs, depreciation provisions, etc.; and (ii) hiring of additional frontline and warehouse staff to cope with the expansion of the retail store network.

Administrative and Other Expenses

For the financial year ended 31 March 2022, administrative and other expenses of the Group amounted to approximately HK$69,224,000, representing an increase of approximately 32.7% from approximately HK$52,161,000 for the financial year ended 31 March 2021. The increase in administrative and other expenses was mainly due to (i) the recruitment of additional personnel and establishment of new job titles during the Financial Year Under Review to cope with business development and strengthen internal control and back office support; (ii) during the Financial Year under Review, the Group carried out renovations for the office properties, and has officially relocated to the new office building in the third quarter of 2021, resulting in a significant increase in depreciation provision as compared to previous financial year.

Finance Costs

Finance costs of the Group for the financial year ended 31 March 2022 amounted to approximately HK$7,309,000, representing a decrease of approximately 26.3% from approximately HK$9,921,000 for the financial year ended 31 March 2021.

Financial Position, Liquidity and Financial Resources

As at 31 March 2022, the Group's total cash and bank balances (including cash and cash equivalents) were approximately HK$130,076,000 (2021: HK$91,312,000), representing an increase of approximately HK$38,764,000 which was mainly generated from operating activities. The overview of the Group's cash flow for the financial year ended 31 March 2022 and 31 March 2021 respectively are set out as follows:

	For the financial year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Net cash generated from operating activities	**305,876**	247,557
Net cash used in investing activities	**(26,431)**	(205,739)
Net cash used in financing activities	**(240,750)**	(166,417)
Net increase/(decrease) in cash and cash equivalents	**38,695**	(124,599)

As at 31 March 2022, the Group has total bank borrowings of approximately HK$82,981,000, representing an decrease of approximately 22.8% as compared with approximately HK$107,496,000 as at 31 March 2021. The total unutilised banking facility extended by commercial banks as at 31 March 2022 amounted to approximately HK$234,639,000 (2021: 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 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.

The Group continued to maintain a strong financial position with cash and bank balances of approximately HK$130,076,000 and the Group's working capital amounted to HK$74,550,000. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the balance sheet date. During the Financial Year under Review, the majority of the Group's cash and bank balances were in Hong Kong dollar, Macau Pataca, Renminbi and deposited in reputable financial institutions.

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 2022, the Company had 1,000,000,000 Shares in issue.

The capital structure of the Group as at 31 March 2022 in terms of debt profile is mainly bank borrowings and as at 31 March 2022, the Group had outstanding bank borrowing of approximately HK$82,981,000 (2021: HK$107,496,000) repayable within one year or contain a repayment on demand clause. Bank borrowings bear interest at floating interest rates. The effective interest rates of the Group's bank borrowings is HIBOR plus 1.3% (2021: ranging from HIBOR plus 1.3% to 1.5%) per annum for the year ended 31 March 2022.

Capital Commitments

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

Pledge of Assets

As at 31 March 2022, the bank borrowings and other banking facilities of the Group are secured by:

(i) a 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$171,350,000 (2021: HK$176,342,000).

Foreign Currency Risk

The Group operates in Hong Kong and is exposed to foreign exchange risk from (i) the purchase of products from various overseas suppliers, which purchases are primarily settled in foreign currencies mainly USD, JPY, EUR, GBP, AUD, SGD and RMB; and (ii) the revenue generated from the operation in Macau and in Mainland China. Nevertheless, taking into account the retail industry practice and the Group's current operation and the stable exchange rate of Macau Pataca historically and cash balance of Renminbi considered to be not material, the Directors do not consider the Group is subject to material foreign exchange risk. The Group will take proactive measures and monitor closely its exposure to such currencies 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 of the Stock Exchange 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 2022, all of the Net Proceeds had been utilised. Set out below is the breakdown of the use of the Net Proceeds up to 31 March 2022:

	Original amount of Net Proceeds allocated (approximately) *HK$'million*	Revised allocation of Net Proceeds (as disclosed in the First Change of Proceeds Use Announcement) (approximately) *HK$'million*	Further revised allocation of Net Proceeds (as disclosed in the Second Change of Proceeds Use Announcement) (approximately) *HK$'million*	Amount of Net Proceeds used up to 31 March 2022 (approximately) *HK$'million*	Unutilised amount of Net Proceeds as at 31 March 2022 (approximately) *HK$'million*
Specific use of Net Proceeds					
(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	13.9	–
(C) Upgrading information technology systems	21.6	21.6	8.6	8.6	–
(D) General working capital	21.1	21.1	21.1	21.1	–
(E) Outbound investment	–	30.0	12.0	12.0	–
(F) Acquisition of Property	–	–	60.0	60.0	–
	213.7	213.7	213.7	213.7	–

EMPLOYEES REMUNERATION POLICIES

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.

Our Group makes contributions to the social security fund for our employees in Macau that qualify and based on, inter alia, whether long term employees or fixed term employees. As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its PRC employees. The Group is required to make contributions to the retirement plans at rates ranging from 14% to 15% of the eligible employees' salaries for the year ended 31 March 2022 (2021: nil).

The Company's employer contribution for each of the above mentioned scheme/fund/plan vests fully with the employees when contributed into each respective scheme/fund/plan. Accordingly, for the financial years ended 31 March 2021 and 31 March 2022, there were no forfeited contributions (by employers on behalf of employees who leave the Scheme prior to vesting fully in such contributions) that may be used by the employer to reduce the existing level of contributions.

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.

MATERIAL INVESTMENTS

Save as disclosed in this announcement, the Group did not have any material investments during the financial year ended 31 March 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have other material acquisitions and disposals during the financial year ended 31 March 2022.

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 2022.

CONTINGENT LIABILITIES

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 31 March 2022.

FINAL DIVIDEND

The Board has recommended the payment of final dividend of HK8.0 cents per share for the year ended 31 March 2022 (2021: HK2.5 cents).

Subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on Friday, 19 August 2022 (the "**AGM**"), the proposed final dividend is expected to be paid on or around 7 September 2022 to the Shareholders whose names appear on the register of members of the Company on 29 August 2022. 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 Thursday, 25 August 2022 to Monday, 29 August 2022 (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 Wednesday, 24 August 2022.

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 Friday, 19 August 2022, the register of members of the Company will be closed from Tuesday, 16 August 2022 to Friday, 19 August 2022 (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 Monday, 15 August 2022.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 March 2022 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, 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.

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 financial year ended 31 March 2022 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 2022 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, 24 June 2022

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.