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B & S INTERNATIONAL HOLDINGS LTD.

寶仕國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(the “Company”)

(Stock code: 1705)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

- The Group has recorded a net profit of approximately HK\$10.6 million for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK\$17.8 million), representing a decrease of approximately 40.4%.
- The Board has resolved to declare an interim dividend of HK2.5 cents per Share, representing a dividend payout ratio of approximately 98.3% on the profit attributable to owners of the Company for the six months ended 30 September 2024 (for the six months ended 30 September 2023: 58.1%).

| | Six months ended | | Increase/ (Decrease) |
|--|-------------------------------------|-------------------------------------|---------------------------------|
| | 30 September 2024 | 2023 | |
| | HK\$ million (Unaudited) | HK\$ million (Unaudited) | |
| Revenue | 244.7 | 257.8 | (5.1%) |
| Gross Profit | 57.6 | 60.9 | (5.4%) |
| Net profit | 10.6 | 17.8 | (40.4%) |
| Basic earnings per Share (<i>HK cents</i>) | 2.5 | 4.3 | (41.9%) |

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of B & S International Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Company for the six months ended 30 September 2024, together with the comparative figures for the six months ended 30 September 2023, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

| | | Six months ended 30 September | |
|---|-------|----------------------------------|---------------------------------|
| | Notes | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) |
| Revenue | 5 | 244,693 | 257,846 |
| Cost of sales | 8 | <u>(187,100)</u> | <u>(196,940)</u> |
| Gross profit | | 57,593 | 60,906 |
| Other losses, net | 6 | (1,930) | (572) |
| Other income/(expenses), net | 7 | 4 | (31) |
| Selling and distribution expenses | 8 | (20,863) | (19,046) |
| Administrative expenses | 8 | <u>(21,818)</u> | <u>(20,100)</u> |
| Operating profit | | 12,986 | 21,157 |
| Finance income | | 1,332 | 1,283 |
| Finance costs | | <u>(2,102)</u> | <u>(1,642)</u> |
| Finance costs, net | 9 | (770) | (359) |
| Profit before income tax | | 12,216 | 20,798 |
| Income tax expense | 10 | <u>(1,649)</u> | <u>(2,949)</u> |
| Profit and total comprehensive income for the period | | <u>10,567</u> | <u>17,849</u> |
| Profit and total comprehensive income attributable to: | | | |
| Owners of the Company | | 10,172 | 17,272 |
| Non-controlling interest | | <u>395</u> | <u>577</u> |
| | | <u>10,567</u> | <u>17,849</u> |
| Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share) | | | |
| – basic and diluted | 11 | <u>2.5</u> | <u>4.3</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

| | | 30 September 2024 | 31 March 2024 |
|---|--------------|--------------------------------|------------------------------|
| | <i>Notes</i> | <i>HK\$'000</i> (Unaudited) | <i>HK\$'000</i> (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 7,476 | 6,879 |
| Right-of-use assets | | 50,380 | 52,752 |
| Deferred income tax assets | | 7,519 | 7,678 |
| Deposits and other assets | | <u>13,639</u> | <u>13,465</u> |
| | | <u>79,014</u> | <u>80,774</u> |
| Current assets | | | |
| Inventories | | 22,107 | 21,481 |
| Trade receivables | 13 | 59,040 | 66,780 |
| Deposits, prepayments and other receivables | | 19,383 | 17,619 |
| Restricted cash | | 30,000 | 30,000 |
| Cash and cash equivalents | | <u>61,352</u> | <u>50,600</u> |
| | | <u>191,882</u> | <u>186,480</u> |
| Total assets | | <u>270,896</u> | <u>267,254</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 14 | 4,000 | 4,000 |
| Reserves | | 79,794 | 79,794 |
| Retained earnings | | <u>84,724</u> | <u>74,552</u> |
| | | <u>168,518</u> | 158,346 |
| Non-controlling interest | | <u>3,146</u> | <u>4,221</u> |
| Total equity | | <u>171,664</u> | <u>162,567</u> |

| | | 30 September | 31 March |
|-------------------------------------|-------------|---------------------|------------------|
| | | 2024 | 2024 |
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Unaudited) | (Audited) |
| LIABILITIES | | | |
| Non-current liability | | | |
| Lease liabilities | | <u>21,273</u> | <u>25,400</u> |
| Current liabilities | | | |
| Trade and other payables | 15 | 39,700 | 44,398 |
| Income tax payable | | 2,935 | 1,445 |
| Lease liabilities | | 31,324 | 29,444 |
| Bank borrowings | | <u>4,000</u> | <u>4,000</u> |
| | | <u>77,959</u> | <u>79,287</u> |
| Total liabilities | | <u>99,232</u> | <u>104,687</u> |
| Total equity and liabilities | | <u>270,896</u> | <u>267,254</u> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The Company’s shares (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 14 March 2018.

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this announcement is to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3 ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

3.1 Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2024 as described in those annual financial statements except for the estimation of income tax is accrued using the tax rate that would be applicable to the expected total annual earnings and the adoption of new and amended standards as set out below.

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

The following amendments to standards and interpretations apply for the first time to financial reporting period commencing on or after 1 April 2024.

| | |
|--------------------------------------|---|
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current |
| HKAS 1 (Amendments) | Non-current Liabilities with Covenants |
| HKFRS 16 (Amendments) | Lease Liability in a Sale and Leaseback |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The amendments listed above did not have any material impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

(b) *New or amended standards not adopted by the Group*

The followings are new or amended standards that have been issued but are not effective for the financial year beginning on 1 April 2024 and have not been early adopted by the Group. The Group plans to adopt these new or amended standards when they become effective:

| | | Effective for annual periods beginning on or after |
|--|--|---|
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability | 1 April 2025 |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments | 1 April 2026 |
| HKFRS 18 | Presentation and Disclosure in Financial Statements | 1 April 2027 |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 April 2027 |
| Amendments to Hong Kong Interpretation 5 | Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 April 2027 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be announced by HKICPA |

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

4 SEGMENT INFORMATION

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

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

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2024 and 2023 is as follows:

| | For the period ended 30 September 2024 (Unaudited) | | |
|---|---|---|---------------------------|
| | Distribution Business HK\$'000 | Retail Business HK\$'000 | Total HK\$'000 |
| Segment revenue – recognised at a point in time | <u>121,102</u> | <u>123,591</u> | <u>244,693</u> |
| Segment results | <u>30,072</u> | <u>4,509</u> | 34,581 |
| Unallocated expenses | | | (19,669) |
| Other losses, net | | | (1,930) |
| Other income, net | | | 4 |
| Finance costs, net | | | <u>(770)</u> |
| Profit before income tax | | | 12,216 |
| Income tax expense | | | <u>(1,649)</u> |
| Profit for the period | | | <u>10,567</u> |
| Segment items included: | | | |
| Depreciation of property, plant and equipment | <u>317</u> | <u>1,814</u> | <u>2,131</u> |
| Depreciation of right-of-use assets | <u>442</u> | <u>18,978</u> | <u>19,420</u> |

For the period ended
30 September 2023
(Unaudited)

| | Distribution Business <i>HK\$'000</i> | Retail Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|---|---------------------------------------|--------------------------|
| Segment revenue – recognised at a point in time | <u>130,503</u> | <u>127,343</u> | <u>257,846</u> |
| Segment results | <u>30,950</u> | <u>9,597</u> | 40,547 |
| Unallocated expenses | | | (18,787) |
| Other losses, net | | | (572) |
| Other expenses, net | | | (31) |
| Finance costs, net | | | <u>(359)</u> |
| Profit before income tax | | | 20,798 |
| Income tax expense | | | <u>(2,949)</u> |
| Profit for the period | | | <u>17,849</u> |
| Segment items included: | | | |
| Depreciation of property, plant and equipment | <u>304</u> | <u>2,138</u> | <u>2,442</u> |
| Depreciation of right-of-use assets | <u>–</u> | <u>17,552</u> | <u>17,552</u> |

The segment assets as at 30 September 2024 and 31 March 2024 and the reconciliation to the total assets are as follows:

| | As at 30 September 2024 (Unaudited) | | |
|---|---|---------------------------------------|--------------------------|
| | Distribution Business <i>HK\$'000</i> | Retail Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Total segment assets | <u>87,887</u> | <u>79,493</u> | <u>167,380</u> |
| Total segment assets include: | | | |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | <u>332</u> | <u>19,446</u> | <u>19,778</u> |

| | As at 31 March 2024 (Audited) | | |
|---|---|---------------------------------------|--------------------------|
| | Distribution Business <i>HK\$'000</i> | Retail Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Total segment assets | <u>92,327</u> | <u>82,145</u> | <u>174,472</u> |
| Total segment assets include: | | | |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | <u>3,417</u> | <u>46,036</u> | <u>49,453</u> |

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

| | 30 September 2024 <i>HK\$'000</i> (Unaudited) | 31 March 2024 <i>HK\$'000</i> (Audited) |
|----------------------------|--|--|
| Total segment assets | 167,380 | 174,472 |
| Unallocated: | | |
| Deferred income tax assets | 7,519 | 7,678 |
| Deposits and other assets | 4,645 | 4,504 |
| Restricted cash | 30,000 | 30,000 |
| Cash and cash equivalents | <u>61,352</u> | <u>50,600</u> |
| Total assets | <u>270,896</u> | <u>267,254</u> |

The segment liabilities as at 30 September 2024 and 31 March 2024 and the reconciliation to the total liabilities are as follows:

| | As at 30 September 2024 (Unaudited) | | |
|---------------------------|---|---------------------------------------|--------------------------|
| | Distribution Business <i>HK\$'000</i> | Retail Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Total segment liabilities | <u>19,702</u> | <u>71,371</u> | <u>91,073</u> |
| | | | |
| | As at 31 March 2024 (Audited) | | |
| | Distribution Business <i>HK\$'000</i> | Retail Business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Total segment liabilities | <u>25,321</u> | <u>71,970</u> | <u>97,291</u> |

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

| | 30 September | 31 March |
|---------------------------|---------------------|-----------------|
| | 2024 | 2024 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Total segment liabilities | 91,073 | 97,291 |
| Unallocated: | | |
| Other payables | 1,224 | 1,951 |
| Income tax payable | 2,935 | 1,445 |
| Bank borrowings | 4,000 | 4,000 |
| | <hr/> | <hr/> |
| Total liabilities | 99,232 | 104,687 |
| | <hr/> | <hr/> |

5 REVENUE

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

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

| | Six months ended | |
|-------------------|-------------------------|-----------------|
| | 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Sales of goods | 121,102 | 130,503 |
| Catering services | 123,591 | 127,343 |
| | <hr/> | <hr/> |
| | 244,693 | 257,846 |
| | <hr/> | <hr/> |

6 OTHER LOSSES, NET

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Change in cash surrender value of key management life insurance contracts | (124) | (117) |
| Loss on disposal of property, plant and equipment | – | (22) |
| Exchange loss, net | (1,806) | (433) |
| | <hr/> | <hr/> |
| | (1,930) | (572) |
| | <hr/> | <hr/> |

7 OTHER INCOME/(EXPENSES), NET

| | Six months ended | |
|--------------------------|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Sundry income/(expenses) | 4 | (31) |

8 EXPENSES BY NATURE

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

| | Six months ended | |
|---|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories sold | 103,965 | 116,917 |
| Depreciation of property, plant and equipment | 2,131 | 2,442 |
| Depreciation of right-of-use assets | 19,420 | 17,552 |
| Employee benefit expenses | 60,652 | 55,766 |
| Short-term and variable lease payments | 8,410 | 8,549 |
| Utilities expenses | 8,017 | 9,124 |
| Transportation and logistic service expenses | 6,205 | 6,070 |
| Freight charges | 2,537 | 2,724 |
| Auditor's remuneration | | |
| – Audit services | 500 | 750 |
| – Non-audit services | – | – |
| Franchise fee | 2,245 | 2,321 |
| Travelling expenses | 408 | 402 |
| Insurance expenses | 653 | 600 |
| Legal and professional fees | 843 | 1,372 |
| Advertising and promotion | 1,925 | 1,297 |
| Others | 11,870 | 10,200 |
| | 229,781 | 236,086 |
| Representing: | | |
| Cost of sales | 187,100 | 196,940 |
| Selling and distribution expenses | 20,863 | 19,046 |
| Administrative expenses | 21,818 | 20,100 |
| | 229,781 | 236,086 |

9 FINANCE COSTS, NET

| | Six months ended | |
|---------------------------------------|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Finance income | | |
| – Bank interest income | 1,332 | 1,283 |
| | ----- | ----- |
| Finance costs | | |
| – Interest expense on bank borrowings | (142) | (541) |
| – Lease liabilities | (1,960) | (1,101) |
| | ----- | ----- |
| | (2,102) | (1,642) |
| | ----- | ----- |
| Finance costs, net | (770) | (359) |
| | ----- | ----- |

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for one of the Group's subsidiaries in Hong Kong and 16.5% on the remaining estimated assessable profits for the six months ended 30 September 2024 (six months ended 30 September 2023: same).

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

| | Six months ended | |
|------------------------------|-------------------------|--------------------|
| | 30 September | |
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Current income tax | 1,490 | 1,769 |
| Over provision in prior year | – | (202) |
| Deferred income tax | 159 | 1,382 |
| | ----- | ----- |
| | 1,649 | 2,949 |
| | ----- | ----- |

11 EARNINGS PER SHARE

(a) Basic

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

| | Six months ended | |
|---|-------------------------|----------------|
| | 30 September | |
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to owners of the Company (<i>HK\$'000</i>) | <u>10,172</u> | <u>17,272</u> |
| Weighted average number of ordinary Shares in issue (<i>thousands</i>) | <u>400,000</u> | <u>400,000</u> |
| Basic earnings per Share (<i>HK cents</i>) | <u>2.5</u> | <u>4.3</u> |

(b) Diluted

For the periods ended 30 September 2024 and 2023, diluted earnings per Share equals basic earnings per Share as there was no dilutive potential shares.

12 DIVIDENDS

On 28 November 2024, the Board has resolved to pay an interim dividend of HK2.5 cents per Share, amounting to a total dividend of HK\$10,000,000, in respect of the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK2.5 cent per Share). The interim dividend has not been recognised as a liability in this interim financial information.

13 TRADE RECEIVABLES

| | 30 September | 31 March |
|-------------------|------------------------|------------------------|
| | 2024 | 2024 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Trade receivables | | |
| – third parties | <u>59,040</u> | <u>66,780</u> |

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

As at 30 September 2024 and 31 March 2024, the ageing analysis of the trade receivables based on invoice date was as follows:

| | 30 September 2024 HK\$'000 (Unaudited) | 31 March 2024 HK\$'000 (Audited) |
|---------------|---|---|
| 0–30 days | 22,414 | 24,712 |
| 31–60 days | 17,001 | 11,718 |
| 61–90 days | 10,600 | 18,716 |
| 91–180 days | 7,349 | 10,917 |
| Over 180 days | 1,676 | 717 |
| | <u>59,040</u> | <u>66,780</u> |

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There was no significant impact of loss allowance for trade receivables as at 30 September 2024 (31 March 2024: same).

The Group does not hold any collateral as security.

14 SHARE CAPITAL

| | Number of Shares | Share capital HK\$'000 |
|---|------------------------------|-----------------------------------|
| Authorised: | | |
| Ordinary Shares of HK\$0.01 each | | |
| At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024 | | |
| | <u>10,000,000,000</u> | <u>100,000</u> |
| Issued and fully paid: | | |
| Ordinary Shares of HK\$0.01 each | | |
| At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024 | | |
| | <u>400,000,000</u> | <u>4,000</u> |

15 TRADE AND OTHER PAYABLES

| | 30 September 2024 HK\$'000 (Unaudited) | 31 March 2024 HK\$'000 (Audited) |
|--------------------------------|---|---|
| Trade payables (<i>Note</i>) | 14,985 | 20,385 |
| Other payables | 24,715 | 24,013 |
| | 39,700 | 44,398 |

Note: During the year ended 31 March 2021, the Group entered into an agreement with a supplier in relation to the supply of masks with total contract value of HK\$31,500,000. As at 30 September 2024, masks with invoiced value of HK\$9,250,000, after deducting the sales rebates of HK\$500,000, under the agreement were delivered to the Group and the Group recorded it as trade payables in accordance with its accounting policy (31 March 2024: same). The Company is now in litigation procedure with the supplier for breach of the agreement (see Note 17). Pending outcome of such litigation, should the Company be able to win the case, the respective trade payables will be derecognised.

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

| | 30 September 2024 HK\$'000 (Unaudited) | 31 March 2024 HK\$'000 (Audited) |
|--------------|---|---|
| 0 – 30 days | 2,524 | 7,790 |
| 31 – 60 days | 1,946 | 3,345 |
| 61 – 90 days | 834 | – |
| Over 90 days | 9,681 | 9,250 |
| | 14,985 | 20,385 |

16 COMMITMENTS

The Group does not have any material capital commitment as at 30 September 2024 and 31 March 2024.

17 CONTINGENT LIABILITIES

On 13 August 2020, Wise Fine Enterprises Limited (“**Wise Fine**”), an indirect wholly-owned subsidiary of the Company entered into an agreement (the “**Agreement**”) with a supplier (the “**Supplier**”) for purchasing a quantity of no less than 21,000,000 pieces of masks with a total contract sum of HK\$31,500,000. The Group placed orders with the Supplier for delivery of masks and around 6,500,000 pieces of masks with a total invoiced value of HK\$9,250,000, after deducting the sales rebates of HK\$500,000, were delivered to the Group during December 2020 to January 2021 (the “**Delivered Masks**”) (see Note 15).

Upon receipt of the Delivered Masks, the Group carried out quality check on the masks through certain Hong Kong accredited laboratories and noted consistent failure in meeting the quality standard as stipulated in the Agreement. The Group has been actively negotiating with the Supplier in relation to the quality problem but the Supplier was unable to deliver masks up to the quality standard as stated in the Agreement.

On 29 January 2021, Wise Fine issued a writ of summons through its solicitors against the Supplier in the Court of First Instance of the High Court of Hong Kong (the “**Court**”). Wise Fine as plaintiff stated that the goods delivered by the Supplier under the Agreement failed to meet the agreed quality and/or standards under the Agreement, and claimed against the Supplier of, inter alia, (i) a declaration that the Agreement was lawfully terminated upon the Supplier’s repudiatory breach; (ii) a declaration that the Agreement was lawfully rescinded on the ground of misrepresentation; and (iii) damages, interests and costs of HK\$9,083,000.

On 2 February 2021, Wise Fine received a writ of summons issued in the Court by the solicitors acting for the Supplier as plaintiff against Wise Fine as defendant. As stated in the claim filed against Wise Fine, the Supplier alleged that Wise Fine has breached the Agreement, and claims against Wise Fine, inter alia, the sum of HK\$9,750,000 plus damages, interests and costs. This allegation is mainly related to Wise Fine not settling a payable balance of the same amount relating to the purchase of the Delivered Masks from the Supplier.

On 18 March 2021, Wise Fine and the Supplier filed a consent summons to the Court for an order that the actions filed by Wise Fine and the Supplier mentioned above to be consolidated and thereafter be carried on as one action. On 19 March 2021, an order was granted for, inter alia, the consolidation of the actions. On 23 March 2021, the consolidated statement of claim was issued in the Court by Wise Fine, demanding, inter alia for lawful termination of the Agreement, damages for breach of contract or misrepresentation and an order that the Supplier indemnify Wise Fine from any and all loss and damage sustained by Wise Fine as a result of the defects in the goods supplied by the Supplier under the Agreement and further interest, costs and other reliefs, amounting to approximately HK\$9,083,000.

On 11 May 2021, Wise Fine received a consolidated defence and counterclaim from the Supplier in response to the consolidated statement of claim made by Wise Fine with claim amounts amounting to approximately HK\$27,186,000, including, among others, the claim on Delivered Masks of HK\$9,750,000 plus damages, interests, costs and any other further reliefs.

Management believed that the allegations and claims from the Supplier are without merit and not substantiated. Management considered that the quality problems of the masks, as evidenced by certain testing reports prepared by several Hong Kong accredited laboratories, provided strong evidence that Wise Fine will win the court case eventually. Management considered that the Supplier has not fulfilled its obligations in the Agreement and it constituted a repudiatory breach of contract. Accordingly, management are of the view that no additional provision shall necessarily be made for the remaining claim amounts. Should the Group win the case in the end, the trade payables in relation to the Delivered Masks will be derecognised.

As the court case is still at an early stage, final outcome of the litigation and the actual financial impacts to the consolidated financial statements cannot be estimated with certainty. Nonetheless, should Wise Fine lose the legal case in full, Wise Fine would have to record additional loss from litigation of approximately HK\$17,936,000, being the claim sum submitted by the Supplier for the undelivered committed masks plus legal costs.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2024, the Group's revenue amounted to approximately HK\$244.7 million, representing a decrease of approximately 5.1% from approximately HK\$257.8 million for the same period in 2023. Such decrease was mainly attributable to the weakened economy with negative consumer sentiment.

Retail Business

As at 30 September 2024, we had set up 63 self-operated retail outlets and details of which are set out below:

| | As at 30 September | |
|-----------------|--------------------|-------|
| | 2024 | 2023 |
| TenRen (天仁茗茶) | 57 | 57 |
| Chef Hung (洪師父) | 2 | 2 |
| Others | 4 | 4 |
| | <hr/> | <hr/> |
| | 63 | 63 |
| | <hr/> | <hr/> |

The Group's Retail Business remained committed to enhancing margins through prudent cost control measures.

The revenue generated from the Retail Business decreased to approximately HK\$123.6 million for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$127.3 million), representing a decrease of approximately HK\$3.7 million. Revenue generated from the Retail Business contributed to approximately 50.5% of the Group's total revenue for the six months ended 30 September 2024. Such decrease in revenue generated from our Retail Business was mainly attributable to the weakened economy with outbound spending behaviour.

Same-store sales performance of our TenRen (天仁茗茶) retail outlets

Our average same-store sales performance derived from “TenRen (天仁茗茶)” retail outlets remained relatively stable. We evaluate our growth within the existing outlets by calculating the average same-store sales growth (“SSSG”), which compares the average revenue derived from outlets that were in operation throughout the financial periods compared. The following table sets forth the average same-store sales performance of our “TenRen (天仁茗茶)” retail outlets:

| | Six months ended 30 September | | | |
|--------------------------------------|-------------------------------|---------|---------|---------|
| | 2023 | 2024 | 2022 | 2023 |
| Number of same-store | 55 | | 53 | |
| Average same-store sales | HK\$1.9 | HK\$1.9 | HK\$1.8 | HK\$1.9 |
| | million | million | million | million |
| Average same-store sales growth rate | 0% | | 5.6% | |

Average selling price and volume

The average selling price of our “TenRen (天仁茗茶)” tea drink products increased during the six months ended 30 September 2024, as we adjusted the selling price of our “TenRen (天仁茗茶)” tea drink products due to inflation. The average daily sales volume of our “TenRen (天仁茗茶)” tea drink products decreased during the six months ended 30 September 2024, which was mainly due to the continuation of northbound spending trends of local residents. The following table sets forth the average selling price and average daily sales volume of our “TenRen (天仁茗茶)” tea drink products for the periods indicated:

| | Six months ended | |
|--|------------------|--------|
| | 30 September | 2023 |
| | 2024 | |
| Average selling price (HK\$) | | |
| Tea drink products (<i>per cup</i>) | 31.1 | 29.1 |
| Packaged tea leaves products (<i>per unit</i>) | 102.7 | 106.8 |
| Average daily sales volume | | |
| Tea drink products (<i>cups</i>) | 18,000 | 19,000 |
| Packaged tea leaves products (<i>units</i>) | 100.0 | 100.0 |

Distribution Business

The revenue generated from the Distribution Business for the six months ended 30 September 2024 amounted to approximately HK\$121.1 million (six months ended 30 September 2023: approximately HK\$130.5 million).

Followed by the weakened consumer sentiment in Hong Kong, the segment profit generated from the Distribution Business during the six months ended 30 September 2024 decreased by approximately 2.9% to approximately HK\$30.1 million (six months ended 30 September 2023: approximately HK\$31.0 million).

OUTLOOK

Looking ahead to the second half of the financial year, the Group will continue to adhere to the sourcing of high quality products and the multi-brand development strategies.

For the Retail Business, a number of sales and marketing initiatives have been prepared to capture consumer spending despite the on-going economic uncertainties in Hong Kong. The Group plans to strengthen the leading market position of our TenRen business and expand our casual dining business through brand building, improving customer experience, product innovations, digitalisation and automation.

On the other hand, the Group is proactively reviewing its lease agreements with landlords to optimise our cost structure and business model in the future. At the same time, we will take proactive actions to control operating costs including manpower, rental expenses and other operating expenses in order to further drive efficiency.

For the Distribution Business, the Group intends to enlarge its brand and product portfolio to remain competitive in the market and to ensure a wider selection for its customers. The Group will focus on identifying overseas brands and products that suit the tastes and preferences of Hong Kong consumers in order to capitalise on the market opportunities despite the broader challenges.

FINANCIAL OVERVIEW

Revenue

For the six months ended 30 September 2024, the Group's revenue amounted to approximately HK\$244.7 million, representing a decrease of approximately 5.1% from approximately HK\$257.8 million for the same period in 2023.

The revenue derived from the Retail Business decreased to approximately HK\$123.6 million for the six months ended 30 September 2024, representing a decrease of approximately HK\$3.7 million (six months ended 30 September 2023: approximately HK\$127.3 million), which contributed to approximately 50.5% of the Group's total revenue for the six months ended 30 September 2024. Such decrease was mainly attributable to the weakened economy with outbound spending behaviour.

Besides, the revenue derived from the Distribution Business decreased to approximately HK\$121.1 million for the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$130.5 million), representing a decrease of approximately HK\$9.4 million, which contributed to approximately 49.5% of the Group's total revenue for the six months ended 30 September 2024.

Cost of sales

For the six months ended 30 September 2024, the Group's cost of sales amounted to approximately HK\$187.1 million, representing a decrease of approximately 5.0% from approximately HK\$196.9 million for the same period in 2023. Such decrease was mainly due to the decrease in our sales volume during the six months ended 30 September 2024.

Gross profit and gross profit margin

For the six months ended 30 September 2024, the Group's gross profit amounted to approximately HK\$57.6 million, representing a decrease of approximately 5.4% from approximately HK\$60.9 million for the same period in 2023. The Group's gross profit margin for the six months ended 30 September 2024 decreased by approximately 0.1% to approximately 23.5% as compared to that of approximately 23.6% for the same period in 2023. Such decrease in gross profit margin was mainly due to the rising costs caused by inflation.

Selling and distribution expenses

For the six months ended 30 September 2024, the selling and distribution expenses of the Group amounted to approximately HK\$20.9 million (six months ended 30 September 2023: approximately HK\$19.0 million), representing an increase of approximately 10.0% or HK\$1.9 million. Such increase was mainly due to the increase in marketing expenses and salaries expenses due to inflation.

Administrative expenses

For the six months ended 30 September 2024, the administrative expenses of the Group amounted to approximately HK\$21.8 million (six months ended 30 September 2023: approximately HK\$20.1 million), representing an increase of approximately 8.5% or HK\$1.7 million. Such increase was mainly due to the inflation of various expenses.

Finance costs, net

For the six months ended 30 September 2024, the net finance costs of the Group amounted to approximately HK\$0.8 million, representing an increase of approximately 100.0% or HK\$0.4 million from approximately HK\$0.4 million for the same period in 2023. Such increase was mainly attributable to the increase in interest from lease liabilities as more tenancy agreements were renewed during the six months ended 30 September 2024.

Income tax expense

For each of the six months ended 30 September 2024 and 30 September 2023, the Group recorded income tax expense of approximately HK\$1.6 million and HK\$2.9 million, respectively, representing an effective tax rate of approximately 13.1% and 13.9%, respectively, for the corresponding periods. The effective tax rate for the six months ended 30 September 2024 remained relatively stable when compared to that of the previous period.

Net profit

Profit attributable to owners of the Company for the six months ended 30 September 2024 was approximately HK\$10.2 million, representing a decrease of approximately 41.0% from approximately HK\$17.3 million for the same period in 2023. The net profit for the six months ended 30 September 2024 was approximately HK\$10.6 million (six months ended 30 September 2023: approximately HK\$17.8 million). Such decrease was mainly attributable to the decrease in revenue due to the weakened economy during the six months ended 30 September 2024.

The net profit margin (calculated as a ratio of net profit for the period to revenue) for the six months ended 30 September 2024 was approximately 4.3%, as compared to that of approximately 6.9% for the same period in 2023. Basic earnings per Share for the six months ended 30 September 2024 amounted to approximately HK2.5 cents, as compared to that of approximately HK4.3 cents for the same period in 2023.

Capital expenditure

During the six months ended 30 September 2024, capital expenditure amounted to approximately HK\$19.8 million (six months ended 30 September 2023: approximately HK\$18.8 million). Such amount was mainly used for the opening of new retail outlets and renovation of existing retail outlets.

Liquidity and financial resources review

Our Group is financially sound with cash and cash equivalents and restricted cash amounted to approximately HK\$91.4 million as at 30 September 2024 (31 March 2024: approximately HK\$80.6 million). As at 30 September 2024, the gearing ratio of the Group was approximately 25% (31 March 2024: approximately 27%), which was calculated based on the total debt divided by the total capital at the end of the financial period/year and multiplied by 100%. Debt of the Group refers to bank borrowings and lease liabilities. As at 30 September 2024, the Group has total bank facilities of approximately HK\$113.4 million (31 March 2024: approximately HK\$113.4 million) of which approximately HK\$9.7 million (31 March 2024: approximately HK\$9.7 million) has been utilised. We aim to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable us to continue our business in a manner which is consistent with the short-term and long-term financial strategies of the Group.

Foreign currency risk

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

Treasury policies

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

Capital structure

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 14 March 2018. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary Shares. As at 30 September 2024, the Company had 400,000,000 Shares in issue.

Material acquisitions and disposals of subsidiaries and affiliated companies

For the six months ended 30 September 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant investments and acquisitions of capital assets

For the six months ended 30 September 2024, the Group did not hold any significant investments nor made any significant acquisitions of capital assets.

Capital commitments and contingent liabilities

Details of the capital commitments and contingent liabilities of the Group are set out in Note 16 and Note 17 to the interim condensed consolidated financial information in this announcement.

Event after the reporting period

No significant event has taken place after 30 September 2024 and up to the date of this announcement.

Employees and remuneration policies and training schemes

As at 30 September 2024, the Group employed a total of 648 employees (as at 31 March 2024: 714) and the employee benefit expenses including directors' emoluments were approximately HK\$60.7 million (for the year ended 31 March 2024: approximately HK\$115.2 million). The Group offers a comprehensive remuneration package to its employees, which is reviewed by the management on a regular basis. The Group has also provided training programmes to its management and employees regularly to ensure that they are properly trained.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 cents per Share for the six months ended 30 September 2024 payable on or about Tuesday, 24 December 2024 to the shareholders of the Company (the "**Shareholders**") whose names appeared on the Company's register of members at the close of business on Wednesday, 18 December 2024.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appeared on the register of members of the Company on Wednesday, 18 December 2024 will be eligible for the interim dividend. The register of members of the Company will be closed from Monday, 16 December 2024 to Wednesday, 18 December 2024, both days inclusive. In order to qualify for the interim dividend, Shareholders should ensure that all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Friday, 13 December 2024.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining the highest standard of corporate governance to safeguard the Shareholder's interests. During the six months ended 30 September 2024 and up to the date of this announcement, the Company has applied the principles in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. The corporate governance principles of the Company emphasises an effective board with a high level of integrity, sound internal controls, as well as ensuring a high degree of transparency and accountability, which does not only enhance corporate value for the Shareholders but also protect the long-term sustainability of the Group. In the opinion of the Board, during the six months ended 30 September 2024 and up to the date of this announcement, the Company has complied with all the code provisions as set out in part 2 of the CG Code, save and except for code provision C.2.1 which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Chan Kam Chuen Andrew is both our chairman and chief executive officer and is responsible for the overall management of the Group and directing the strategic development and business plans of the Group. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual (that is, Mr. Chan Kam Chuen Andrew) would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct governing the Directors’ transactions in the listed securities of the Company. Employees of the Group (the “**Relevant Employees**”) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. The Company has made specific enquiry of all Directors, and each Director has confirmed that he or she has complied with the standards as set out in the Model Code during the six months ended 30 September 2024 and up to the date of this announcement. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the six months ended 30 September 2024 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2024 and up to the date of this announcement, there has been no purchase, sale or redemption of the Company’s listed securities (including the sale of treasury Shares (as defined under the Listing Rules (if any))) by the Company or any of its subsidiaries.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

The Audit Committee held a meeting on 28 November 2024 and has considered and reviewed the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Group and had given their opinion and recommendation to the Board. The Audit Committee considers that the unaudited interim condensed consolidated results and interim condensed consolidated financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement has been published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bandshk.com>). An interim report of the Company for the six months ended 30 September 2024 containing all the information required under Appendix D2 to the Listing Rules will be despatched to the Shareholders and made available on the same websites in due course.

By Order of the Board
B & S International Holdings Ltd.
Chan Kam Chuen Andrew
Chairman and Chief Executive Officer

Hong Kong, 28 November 2024

As at the date of this announcement, the Board comprises Mr. Chan Kam Chuen Andrew, Mr. Chan Siu Cheung Stephen, Mr. Chau Wing Kong William and Ms. Tin Hau Ling Janny as executive Directors; and Mr. Pang Koon Kwai, Mr. See Hung Yan Peter and Mr. Chung Kwok Mo John as independent non-executive Directors.