

MI MING MART HOLDINGS LIMITED

彌明生活百貨控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8473

2019/20

ANNUAL REPORT

和你走進

Clean Beauty

新時代





INSISTENCE



No Animal Testing



Commitment To Human Safety



No Harmful Chemical Ingredients



Natural And Organic



Quality Assurance



Premium Source Of Ingredients



APM GRAND OPENING





RELOCATION OF YUEN LONG STORE





BRAND NEW LOOK OF TSIM SHA TSUI STORE





10TH ANNIVERSARY MEGA SALE





LISTING ANNIVERSARY SALE

MI MING MART
彌明生活百貨

Defining Clean Beauty

85 全店折

2.1 SAT - 2.8 SAT

只限 8天

* 2.1 - 2.8優惠期間「會員專屬折扣」，不適用於專門店及網上專門店，85折優惠不適用於指定產品！優惠如有變換請以最新即時詳情請向查詢查詢

立即訂購 皇牌產品

銅鑼灣Fashion Walk | 太古康怡廣場 | 尖沙咀加連威老道 | 旺角登龍中心 |
 觀塘apm | 將軍澳東港城 | 沙田中心 | 屯門V city | 元朗YOHO MALL | 荃灣千色匯



SOCIAL MEDIA VIDEO MARKETING

MI MING MART

5 秒趕走
蜂巢眼紋

初春煥白好時機
#祛紋 #緊緻 #亮白

POME

蟲草。雪花錠

激活 免疫細胞

HOME OFFICE X

如何優雅地用zoom
而不失霸氣



SOCIAL MEDIA VIDEO MARKETING





TELEVISION COMMERCIAL

SNOW FOX SKIN CARE

天然保鮮
冰感
修護

零
化學
防腐劑

無漂染
有機棉



北極微風速效急救面膜

保濕 鎮靜 亮白 抗菌
敏感肌



MI MING MART
獨家代理 獨家發售





POME - GROUP'S OWN BRAND

POME

抗疫強肺

免疫力升級

冬蟲夏草完全相同，其DNA排序與野生榮獲日本測試機構認證，**嚴選**

嘉草菌絲體雪花錠
シネンシス

嘉草菌絲體丸
シネンシス

Erica
袁彌明
真誠推薦

日本製



POME

VANISHING MASKS

NANO COLLAGEN V-LINE FACE MASK

POME

VANISHING STRIPS





SYNERGIE SKIN - EXCLUSIVE BRAND

SYNERGIE SKIN

回復肌膚自我保水力 是關鍵!

自己水分自己保

SYNERGIE SKIN 維他命B3精華增生分子酞, 保濕、控油、祛黃、膠原自生—Take過!

啟動自我滋潤, 鎖住角質水分
提升肌膚防禦機制

MI MING MART
獨家代理 獨家發售

臨床實證, 使用維他命B3能:	
增生分子酞	500%
減少水分流失	27%
水油平衡	52%
痘疹數量減少	60%
嚴重性減少	52%

SYNERGIE SKIN

全天然防曬 最緊要有 Zinc Oxide

防嗮礦物粉霜
Second Skin Crush
(SPF30 Flaxseed)

植物防嗮霜
Liberozinc
(SPF30 Flaxseed)

全天然 低敏 抗藍光 無需卸妝





SNOW FOX - EXCLUSIVE BRAND



草本

100% 天然純素

一緊再緊!

緊箍咒

無漂染 有機棉



花萃·草本 煥顏面膜

小球藻 有機人參根 橄欖果

緊緻 注水 修復 彈滑

零化學防腐劑

敏感肌



獨家代理 獨家經銷



PLABEAU - EXCLUSIVE BRAND

MI MING MART
彌明生活百貨

Plasma Spa

| 賦活肌膚美容力

PLA BEAU
hk.plabeau.com | Plabeau HK

S1 G4+

The advertisement features a woman with her eyes closed, her hand resting on her cheek, with a glowing blue and purple light effect around her face. A large, sleek, black Plasma Spa device is shown vertically next to her. Below this, a row of six different Plasma Spa device models is displayed, including silver, gold, and black variants. The background is a soft, light blue gradient.



INIKA ORGANIC - EXCLUSIVE BRAND





HOMIE - EXCLUSIVE BRAND

HOMIE
LIFE IN BALANCE

家添北歐氣息
瑞典家居新貴

無毒生物降解除臭噴霧

芫荽油「手」護搓手CREAM





CERAMIRACLE - EXCLUSIVE BRAND



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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

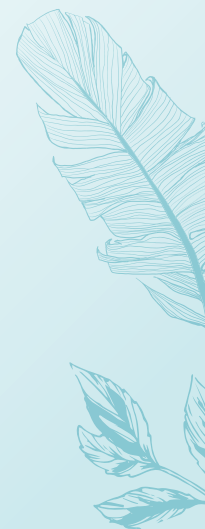
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “**Directors**”) of Mi Ming Mart Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yuen Mi Ming Erica
(Chairlady and Chief Executive Officer)
Ms. Yuen Mimi Mi Wahng

Non-executive Directors

Mr. Cheung Siu Hon Ronald
Mr. Lam Yue Yeung Anthony

Independent Non-executive Directors

Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa (Appointed on 16 December 2019)
Ms. Tsang Wing Yee
Ms. Shum Wai Sze (Resigned on 16 December 2019)

BOARD COMMITTEES

Audit Committee

Ms. Tsang Wing Yee (Chairlady)
Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa (Appointed on 16 December 2019)
Ms. Shum Wai Sze (Resigned on 16 December 2019)

Remuneration Committee

Ms. Chan Sze Lai Celine (Chairlady)
Ms. Yuen Mi Ming Erica
Ms. Hung Yuen Wa (Appointed on 16 December 2019)
Ms. Shum Wai Sze (Resigned on 16 December 2019)

Nomination Committee

Ms. Yuen Mi Ming Erica (Chairlady)
Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa (Appointed on 16 December 2019)
Ms. Shum Wai Sze (Resigned on 16 December 2019)

COMPLIANCE OFFICER

Ms. Yuen Mimi Mi Wahng

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Guangdong Tours Centre
18 Pennington Street
Hong Kong

COMPANY SECRETARY

Mr. Mak Yau Kwan

AUTHORISED REPRESENTATIVES

Ms. Yuen Mi Ming Erica
Ms. Yuen Mimi Mi Wahng

LEGAL ADVISER

TC & Co.
Units 2201-3, 22nd Floor
Tai Tung Building, 8 Fleming Road
Wanchai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISER

Kingston Corporate Finance Limited
72/F, The Center
99 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

CAYMAN ISLAND PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
P.O. Box 1350, Clifton House,
75 Fort Street,
Grand Cayman, KY1-1108
Cayman Island

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation
Limited
1 Queen's Road Central
Hong Kong

Chong Hing Bank Limited
Ground Floor,
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

COMPANY WEBSITE ADDRESS

www.mimingmart.com

STOCK CODE

8473

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the Board of Directors (the "Board") of Mi Ming Mart Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am delighted to present the annual results of the Group for the year ended 31 March 2020 to the shareholders of the Company (the "Shareholders").

Our Group is a multi-brand retailer, which operates ten retail stores under the brand of "MI MING MART" ("彌明生活百貨") in Hong Kong. Driven by our Group's philosophy "defining clean beauty" ("擇善美麗"), our Group endeavours to select and offer products that do not contain any ingredients that, in our view, would adversely affect or impair the health of our customers. The Group targets to serve and offer our products to customers who are ingredient conscious and aspire to the betterment of their health. Our expansion plan, business strategies and philosophy contributed to the Group's continuous growth over the years.

REVIEW

It has been a challenging year to our Group for the year under review, specifically the business environment in Hong Kong was adversely affected by the outbreak of Novel Coronavirus ("COVID-19") since early 2020. The Group has experienced a decline in revenue of 4.8% in the year ended 31 March 2020 when as compared to the revenue in the year ended 31 March 2019. Such decrease was primarily due to the decrease in revenue generated from the sales of our Group's products through our retail shops with the drop in customer traffic.

Our Group's profit attributable to the owners of the Company, excluding the legal and professional fees in relation to the preparation for the proposed transfer of listing of the Company's shares to the Main Board of the Stock Exchange ("Proposed Transfer of Listing"), was decreased by approximately HK\$4.7 million or 17.1% from approximately HK\$27.6 million for the year ended 31 March 2019 to approximately HK\$22.9 million for the year ended 31 March 2020.

PROSPECTS

Despite the unfavourable economic conditions and adversity posed to the retailers, we believe that our Group will tide over the difficulties as long as we adhere to our philosophy. Our Board has noted a shift in consumer behaviour from physical stores to online channels, which is believed to be a result of the increasing reliance on online shopping by the consumers following the health advice from the Hong Kong government under the COVID-19 outbreak to go out less and reduce social activities. The Board is of the view that the shift to online shopping will continue in the long run, even after the COVID-19 outbreak has subsided in the future, when more consumers grow accustomed to it in light of the convenient and time-saving shopping experience it offers. In light of that, our Group has taken active steps to develop our e-commerce business by enhancing the Group's existing self-operated online shops.

In addition to the retail shop expansion plan which will be gradually implemented, our Group will also continue to enhance our operational efficiency. We will focus on improving the service of our retail stores and launching new products in order to enhance the shopping experience of our customers. Furthermore, our Group will make good use of the new integrated system in data collection and study the purchase pattern of our customers. Coupled with our Board and management team, we are confident of enhancing our operational efficiency further.



CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would also like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their continuous support, and to our management and staff members for their dedicated contribution. I will continue to work with my colleagues on the Board and management team of our Group in seizing opportunities and making innovative moves in the fast-changing retail market, with the aim of delivering long-lasting and satisfactory returns to shareholders.

Yuen Mi Ming Erica

Chairlady, Executive Director and Chief Executive Officer

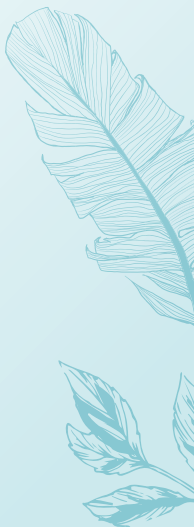
Hong Kong

22 June 2020

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2020, audited operating results of the Group were as follows:

- the Group recorded a revenue of approximately HK\$142.5 million for the year ended 31 March 2020 (2019: HK\$149.7 million), representing a decrease of approximately 4.8% as compared to that in the previous year.
- the Group recorded a gross profit of approximately HK\$91.4 million for the year ended 31 March 2020 (2019: HK\$93.5 million), representing a decrease of approximately 2.2% as compared to that in the previous year.
- Profit attributable to the owners of the Company for the year ended 31 March 2020 amounted to approximately HK\$15.9 million (2019: HK\$27.6 million). Excluding the legal and professional fees in relation to the preparation for the Proposed Transfer of Listing, the Group's profit attributable to the owners of the Company for the year ended 31 March 2020 amounted to approximately HK\$22.9 million (2019: HK\$27.6 million), representing a decrease of approximately 17.1% as compared to that in the previous year.
- The Board did not recommend the payment of any final dividend for the year ended 31 March 2020 (2019: HK 0.6 cent per ordinary share, in an aggregate amount of approximately HK\$6.7 million).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a multi-brand retailer, which operates ten retail stores under the brand of “MI MING MART” (“彌明生活百貨”) in Hong Kong. The Group offers a wide range of beauty and health products, which can mainly be categorised into (i) skincare products; (ii) cosmetic products; and (iii) food and health supplements (the “Business”).

Driven by the Group’s philosophy “defining clean beauty” (“擇善美麗”), the Group endeavours to select and offer products that do not contain any ingredients that, in our view, would adversely affect or impair the health of its customers. The Group targets to serve and offer our products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at our retail stores, with a portion through its online shop at “www.mimingmart.com” and other online distribution channel, consignment sales and distributors. The Group also acts as the consignee for some suppliers on a consignment basis whereby the Group is entitled to consignment commission based on the amount of sales of the consignors’ products and the predetermined percentage as agreed between the consignors and the Group.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately HK\$7.2 million or approximately 4.8% from approximately HK\$149.7 million for the year ended 31 March 2019 to approximately HK\$142.5 million for the year ended 31 March 2020. The Directors believe that the decrease in revenue was primarily due to the net effect of (i) decrease in revenue generated from the sales of the Group’s products through its retail shops of approximately HK\$6.8 million primarily due to the decrease in customer traffic since the outbreak of COVID-19 in early 2020; (ii) decrease in revenue generated from the sales of the Group’s products to its distributors of approximately HK\$2.4 million mainly due to the decrease in sales of certain electronic skincare devices primarily attributable to the shift in focus of the Group’s marketing activities away from such products; and (iii) increase in revenue generated from the sales of the Group’s products through its online shop and other online distribution channel of approximately HK\$1.2 million.

For the year ended 31 March 2020, the revenue generated from the sale of our products accounted for approximately 99.8% of our total revenue, whilst consignment commission accounted for approximately 0.2% of our total revenue.

Cost of sales

The Group’s cost of sales primarily consists of cost of inventories sold, commission expenses, and incoming shipping, freight and delivery charges. The Group’s cost of sales decreased by approximately HK\$5.2 million or approximately 9.2% from approximately HK\$56.2 million for the year ended 31 March 2019 to approximately HK\$51.0 million for the year ended 31 March 2020. Notwithstanding the decrease in cost of sales along with the decrease in sales during the year, the Group recorded an increase in sales of (i) products for which the Group had exclusive distribution rights and (ii) the Group’s own “POME” branded products, both of which had a relatively lower cost of sales as compared to the non-exclusive products.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$91.4 million for the year ended 31 March 2020 from approximately HK\$93.5 million for the year ended 31 March 2019, representing a decrease of approximately 2.2%, whilst its gross profit margin increased to approximately 64.2% for the year ended 31 March 2020 from approximately 62.5% for the year ended 31 March 2019. The increase in the gross profit margin for the year ended 31 March 2020 was mainly attributable to the increase in sales of (i) products for which the Group had exclusive distribution rights; and (ii) the Group's own "POME" branded products, both of which had a relatively lower cost of sales, as compared to the non-exclusive products, and therefore a higher gross profit margin.

Other income, gains and losses

Other income, gains and losses remained relatively stable at approximately HK\$0.2 million for the year 31 March 2020 as compared to previous year.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK\$34.6 million for the year ended 31 March 2020 from approximately HK\$33.3 million for the year ended 31 March 2019, representing an increase of approximately 3.9%. The increase in the Group's selling and distribution expenses was primarily due to (i) increase in staff costs of approximately HK\$0.7 million relating to salary adjustments for existing employees; and (ii) increase in marketing expenses of approximately HK\$0.3 million.

Administrative and operating expenses

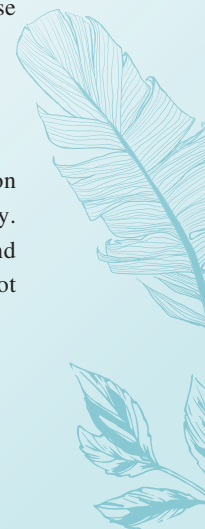
Administrative and operating expenses increased to approximately HK\$35.5 million for the year ended 31 March 2020 from approximately HK\$26.9 million for the year ended 31 March 2019, representing an increase of approximately 32.0%. Such increase was mainly due to (i) increase in legal and professional fees of approximately HK\$7.0 million primarily due to the non-recurring legal and professional fees incurred in relation to the preparation for the Proposed Transfer of Listing; and (ii) increase in depreciation of approximately HK\$1.4 million in relation to depreciation of the warehouse acquired in May 2019 and the corresponding leasehold improvement.

Interest expenses on lease liabilities

The Group has applied the new HKFRS 16 for the first time since 1 April 2019. The interest expenses on lease liabilities amounted to approximately HK\$0.8 million for the year ended 31 March 2020 (2019: nil).

Income tax expense

For the years ended 31 March 2019 and 2020, the Group's income tax expense was approximately HK\$5.8 million and HK\$4.9 million, respectively, representing an effective tax rate of approximately 17.4% and 23.5%, respectively. The higher effective tax rate for the year ended 31 March 2020 was mainly attributable to the non-recurring legal and professional fees in relation to the preparation for the Proposed Transfer of Listing incurred in that year but were not deductible for taxation purpose.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit and total comprehensive income for the year attributable to owners of the Company

As a result of the foregoing, the Group's net profit decreased by approximately HK\$11.7 million or approximately 42.6% from approximately HK\$27.6 million for the year ended 31 March 2019 to approximately HK\$15.9 million for the year ended 31 March 2020, whilst the Group's net profit margin decreased from approximately 18.5% to approximately 11.1% for the respective years.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2020	2019
Current ratio (<i>Note</i>)	5.4	10.5

Note: Current ratio is calculated by dividing current assets by current liabilities as at the end of respective years.

The current ratio of the Group was 5.4 times and 10.5 times as at 31 March 2020 and 2019, respectively. The decrease in current ratio was mainly due to (i) decrease in bank balances and cash as a result of the acquisition of a warehouse and the payment of a final dividend for the year ended 31 March 2019; and (ii) increase in lease liabilities as a result of the Group having applied HKFRS 16 for the first time since 1 April 2019.

The Group's management closely monitors the Group's cash flow position to ensure that the Group has sufficient working capital available to meet its operational needs. The management takes into account the trade receivables, trade payables, cash on hand, accrued expenses and other payables, administrative and capital expenditures of the Group when preparing the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally financed its capital expenditure and operational requirements through a combination of cash generated from operations and the net proceeds from the share offer of the Company's shares on the GEM of the Stock Exchange on 12 February 2018.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2020, the Group had certain bank balances denominated in Australian dollar, which exposed the Group to foreign currency risk. The Directors consider that the Group's policy to maintain sufficient Australian dollar for payment of purchase for at least three months and keeping of at least two months' inventory, with reference to our historical sales, will provide us with a sufficient buffer to minimise our exposure to the fluctuation in Australian dollar.

SIGNIFICANT INVESTMENTS

As at 31 March 2020, there was no significant investment held by the Group (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Shares of the Company (the “Shares”) were successfully listed on the GEM of the Stock Exchange (“Listing”) on 12 February 2018 (“Listing Date”). There has been no change in the capital structure of the Company since then. The equity of the Company only comprises of ordinary shares.

As at the date of this annual report, the issued share capital of the Company is HK\$11.2 million and the number of issued ordinary shares was 1,120,000,000 of HK\$0.01 each.

CAPITAL COMMITMENT

As at 31 March 2020, the Group did not have any significant capital commitments (2019: HK\$25,902,000).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities (2019: nil).

DIVIDEND

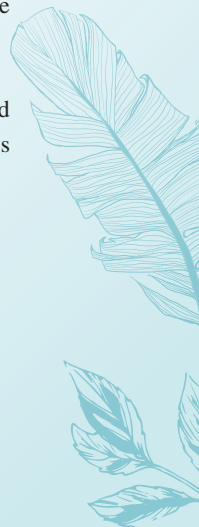
The Board did not recommend the payment of any final dividend for the year ended 31 March 2020.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of a good relationship with its employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group is committed to employee development and has implemented various training programs to strengthen their management, industry and product knowledge. The Directors believe such training programs will equip the employees with skills and knowledge to enhance the Group’s services to its customers.

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Employee remuneration packages are typically comprised of salary, sales commission, contribution to pension schemes and discretionary bonuses relating to the profit of the Group. The remuneration package of the Group’s Executive Directors and the senior management is, in addition to the above factors, linked to the return to the shareholders. The Remuneration Committee will review the remuneration of all the Group’s Executive Directors and senior management annually to ensure that it is attractive enough to attract and retain a competent team of executive members.

A Remuneration Committee has been set up since the Listing for reviewing the Group’s emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group’s operating results, individual duties and responsibilities, individual performance and comparable market practices.



MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2020, the Group employed a total of 78 (2019: 73) full-time employees and 11 (2019: 15) part-time employees. The staff costs, including Directors' emoluments, of the Group for the year ended 31 March 2020 was approximately HK\$29.4 million (2019: HK\$27.9 million). The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this report, no option has been granted under the share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Other than the acquisition set out in the circular issued by the Company dated 26 April 2019 in respect of the acquisition of warehouse through acquisition of a subsidiary, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2020, the Group did not have other plans for material investments and capital assets.

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus of the Company dated 30 January 2018 (the "Prospectus") and the announcement entitled "Change in use of proceeds" dated 9 March 2020 (the "Announcement") with actual business progress up to 31 March 2020.

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement

Actual progress up to 31 March 2020

Expand our retail network by opening more retail stores and refurbishing our existing retail stores

- Open four retail stores, one in Kowloon Bay/Tai Po, one in Mongkok, one in Kwun Tong and one in Causeway Bay

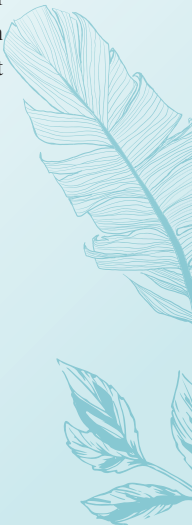
Since the Listing, the Group has been actively searching for suitable premises to open its new retail stores in Kowloon Bay, Mongkok, Tai Po and Kwun Tong and has received offers from a number of landlords. However, after considering factors such as (i) spending power of target customers in a particular area; (ii) accessibility of the location; (iii) neighbouring tenants and competition of other retail stores and merchandise sold in the neighbourhood; (iv) the availability of other amenities, entertainment and dining facilities in the location or nearby area; (v) the relevant lease terms or other restrictions on the premises; (vi) the foot traffic of the premises or the shopping malls in which the premises are situated; and (vii) size of the premises, the Directors concluded that most of the premises presented to them were unsuitable save and except that in December 2018, the Group identified and rented a suitable premises in Kwun Tong for opening a new retail store, which subsequently commenced business in April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement

Actual progress up to 31 March 2020

	<p>As disclosed in the Prospectus, the Group planned to open a second retail store in Causeway Bay during the six months ended 31 March 2019. However, having identified a larger premises in a prime shopping mall in the same district and having considered the above factors, the Group relocated its old Causeway Bay retail store to the larger premises in June 2018 in order to drive more foot traffic and enhance its customers' shopping experience.</p>
	<p>As mentioned in the Announcement, the Group intends to proceed with its plan to open the two remaining new retail stores, one in a prime shopping area, being Mongkok, and one in a local shopping area, being either Kowloon Bay or Tai Po, of Hong Kong, when the suitable premises is available, while closely monitoring the retail market environment in Hong Kong to ensure that the business expansion is conducted in a prudent and cost effective manner.</p>
– Recruitment of new staff members	<p>Owing to the postponed shop expansion plan in Mongkok, Kowloon Bay/Tai Po as mentioned above, the Group did not recruit additional staff members originally planned for these retail stores.</p> <p>The Group recruited five additional staff members to cater for the manpower required for the Group's larger retail store in Causeway Bay and new retail store in Kwun Tong as mentioned above.</p>
– Recruitment of a shop expansion manager and payment of his/her salaries	<p>The Group has recruited a shop expansion manager.</p>
– Refurbishing nine existing retail stores	<p>The Group has refurbished eight existing retail stores. Owing to the postponed shop expansion plan in Mongkok as mentioned above, the Group has not rendered its renovation work.</p>



MANAGEMENT DISCUSSION AND ANALYSIS

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement

Actual progress up to 31 March 2020

Acquire a warehouse

- Partial payment for acquiring the warehouse

The Group has acquired a warehouse.

Expand our product portfolio and explore new suppliers

- Recruitment of a product expansion manager and payment of his/her salaries
- Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets

The Group has recruited a product expansion manager and supporting staff to handle the product expansion work.

During the period under review, representatives of the Group have attended trade fairs/field visit in Korea, the United States, Japan and Australia.

Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media

- Deploying mainstream advertising through traditional media such as television, outdoor advertising, newspapers, magazines, advertising in mass transit railway stations and mobile phone applications
- Hiring third parties to transform our website into an information portal and revamping our online shop

The Group has deployed its advertisement through traditional media and online channels.

The Group has recruited a contractor to perform research and development for transforming its website into an information portal and revamping its online shop.

Conduct system improvement and integration

- Purchase of new integrated system
- System maintenance and point-of-sale system hosting

The Group has paid a deposit for acquiring a new integrated system. The implementation of the point-of-sale function of the new system has been completed in May 2020. The implementation of residual functions of the new system is expected to be completed around September 2020.

During the period under review, the Group has deployed funds for system maintenance and point-of-sale system hosting.

MANAGEMENT DISCUSSION AND ANALYSIS

Implementation plan as set out in Prospectus and subsequently adjusted in the Announcement

Actual progress up to 31 March 2020

Enhance the Group's existing self-operated online shop

- upgrade and enhance the Group's self-operated online shop and integrate it with the Group's point-of-sale system
The upgrade and enhancement of the Group's self-operated online shop is expected to be completed in late 2020.
- employ additional staff to handle customer services and orders placed on the self-operated online shop in anticipation of the increase in online customer traffic
The Group is recruiting additional staff to handle customer services and orders placed on its self-operated online shop.

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 31 March 2020 and the actual utilisation are set out below:

	Use of proceeds as disclosed in the Prospectus up to 31 March 2020 (adjusted on a pro rata basis on the actual net proceeds)	Use of proceeds as disclosed in the Prospectus up to 31 March 2020 (adjusted on a pro rata basis on the actual net proceeds and subsequently adjusted according to the Announcement)	Actual usage of net proceeds up to 31 March 2020	Unutilised net proceeds as at 31 March 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	16,215	15,215	5,962	9,253 ^(Note 1)
Acquire a warehouse	13,181	13,181	13,181	–
Expand our product portfolio and explore new suppliers	1,581	1,581	1,185	396 ^(Note 2)
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	10,591	10,591	10,361	230 ^(Note 3)
Conduct system improvement and integration	1,533	1,533	1,469	64 ^(Note 4)
Enhance the Group's existing self-operated online shop	–	1,000	–	1,000 ^(Note 5)
General working capital	2,614	2,614	2,614	–
	45,715	45,715	34,772	10,943

Notes:

1. Based on the best estimation of the Directors and after taking into consideration the COVID-19 outbreak and the current retail and economic environment in Hong Kong, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by March 2023.
2. Based on the best estimation of the Directors and subject to the uplifting of the travel restriction currently imposed by different countries and the resumption of the trade fairs which may have to be cancelled or suspended due to the COVID-19 outbreak, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by around March 2022.
3. Based on the best estimation of the Directors, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by around September 2020.
4. Based on the best estimation of the Directors, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by around September 2020.
5. Based on the best estimation of the Directors, all the unutilised net proceeds allocated to this business strategy, including enhancement of the Group's self-operated online shop, recruitment of additional staff for the self-operating online shop and payment of salaries to such staff, will be applied for the purpose as planned by around March 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Announcement were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus and the Announcement while the proceeds were applied based on the actual development of the Group's business and the industry.



OUTLOOK AND PROSPECTS

The Directors believe that the Group's success is attributable to the brand image of "MI MING MART" ("彌明生活百貨"), which emphasises its offer of quality beauty and health products selected by our senior management team, reinforcing its customers' confidence in the Group's products and building up its customers' loyalty to the Group's brand. The Group believes that our marketing strategy, established network of retail stores and the quality products offered by the Group will continue to strengthen our brand image and customer base.

The Group aims to expand our sales network, product portfolio and e-commerce business to enhance our competitiveness and maintain our leading position in the small and medium segments of the skincare and cosmetics multibrand specialty retailers' market in Hong Kong. Going forward, the Group will gradually carry out the implementation plans as set out in the paragraphs headed "Comparison of business plan with actual business progress" and "Use of proceeds" in this section. With our comprehensive knowledge in both the skincare and cosmetics market and the health supplements market in Hong Kong, the Directors believe that the Group is well-positioned to capture the growth.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

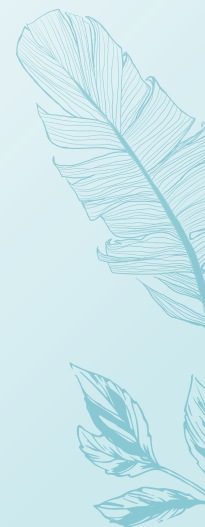
Ms. Yuen Mi Ming Erica (袁彌明), aged 39, was appointed as a Director on 4 November 2016 and was then redesignated as an Executive Director and appointed as the chairlady and the chief executive officer of our Company on 11 January 2017. Ms. Erica Yuen is a director of Inwell International Limited, and together with Ms. Yuen Mimi Mi Wahng, established the business of our Group back in 2009. Ms. Erica Yuen is mainly responsible for corporate strategic planning, overall management and supervision of sales and marketing, and development of market recognition of our Group. Ms. Erica Yuen is the sister of Ms. Yuen Mimi Mi Wahng, spouse of Mr. Lam Yue Yeung Anthony and sister-in-law of Mr. Cheung Siu Hon Ronald.

Ms. Erica Yuen has over 14 years of experience in the marketing and entertainment fields. Between August 2003 and May 2005, Ms. Erica Yuen worked as a business associate in PCCW Services Limited, which is a wholly-owned subsidiary of PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0008). Thereafter, she joined the entertainment industry in 2005. She casted in a number of movies and television programmes including drama and variety shows. From 2007 to 2009, Ms. Erica Yuen had been a columnist for several newspapers and magazines in Hong Kong, namely “Apple Daily” and “Sudden Weekly”, with some columns for the review of beauty and health products in the market. She has gained about ten years of marketing experience in the skincare and cosmetics industry and health supplement industry since 2009 when our Group was established.

Ms. Erica Yuen obtained a Bachelor’s Degree of Arts (major in Economics) with Magna Cum Laude Honor from the Tufts University in the United States in May 2003.

Ms. Yuen Mimi Mi Wahng (袁彌望), aged 47, was appointed as a Director on 9 December 2016 and was then redesignated as an Executive Director on 11 January 2017. Since Ms. Mimi Yuen established the business of our Group together with Ms. Yuen Mi Ming Erica back in 2009, she has accumulated over 10 years of experience in the skincare and cosmetics industry and health supplement industry. Ms. Mimi Yuen is a director of Inwell International Limited. She is responsible for the establishment and optimisation of our day-to-day operations, in particular, overseeing the operational processes, resources allocation and cross-departmental cooperation. Ms. Mimi Yuen also oversees our accounting and human resources departments. Ms. Mimi Yuen is the sister of Ms. Yuen Mi Ming Erica, spouse of Mr. Cheung Siu Hon Ronald and sister-in-law of Mr. Lam Yue Yeung Anthony.

Ms. Mimi Yuen obtained a dual Master’s Degree of Science and Business Administration from the Northeastern University in the United States in September 1997.





BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Lam Yue Yeung Anthony (林雨陽), aged 43, was appointed as a Non-executive Director on 11 January 2017. He is responsible for providing strategic advice to our Group, developing and implementing marketing strategy. Mr. Lam is the spouse of Ms. Yuen Mi Ming Erica and brother-in-law of Ms. Yuen Mimi Mi Wahng and Mr. Cheung Siu Hon Ronald.

Mr. Lam has over 10 years of experience in the fields of media and communication. From 1998 to 2004, Mr. Lam had served two broadcasting companies in Hong Kong, where he was responsible for producing radio commercials and hosting radio programmes. Between 2012 and 2016, Mr. Lam was the chief executive officer of Hong Kong New Media Limited, a company which mainly operated an internet radio station, where he was mainly responsible for the overall strategic planning and supervising the business operation of the company. Since November 2000, Mr. Lam has been a shareholder and a director of Twooods (Hong Kong) Limited, a company incorporated in Hong Kong which provides curriculum development and enhancement to kindergarten and primary school students. Since June 2015, Mr. Lam has been the director of Garden by the Woods Limited, a company which is principally engaged in the business of online marketing and video production.

Mr. Lam obtained a Bachelor's Degree of Arts from the University of British Columbia in Canada in November 1998 and a Master's Degree of Business Administration from the University of Strathclyde in the United Kingdom in June 2004.

Mr. Cheung Siu Hon Ronald (張肇漢), aged 40, was appointed as a Non-executive Director on 11 January 2017. He is responsible for providing strategic advice to the operation of our retail stores. Mr. Cheung is the spouse of Ms. Yuen Mimi Mi Wahng and brother-in-law of Ms. Yuen Mi Ming Erica and Mr. Lam Yue Yeung Anthony.

Between September 2008 and March 2010, Mr. Cheung was the project officer of East Asian Games (Hong Kong) Limited, where he was responsible for the preparation and organisation of a number of competition events for the 2009 East Asian Games. He joined Crumbs, a frozen yogurt chain in Hong Kong in December 2009 as operation manager where he was responsible for managing the daily operation of the company and establishing operation procedures. Thereafter, Mr. Cheung joined Shun Sang (H.K.) Company Limited, and he is now an assistant sales manager, where he is responsible for managing the distribution of two renowned brands of children's toy products and executing promotion plans and events in relation to these two brands in Hong Kong and Macau.

Mr. Cheung obtained a Bachelor's Degree of Arts in Hotel and Hospitality Management from the University of Strathclyde in July 2005 and a Master's Degree of Physical Education from the Beijing Sport University in the People's Republic of China in June 2012.

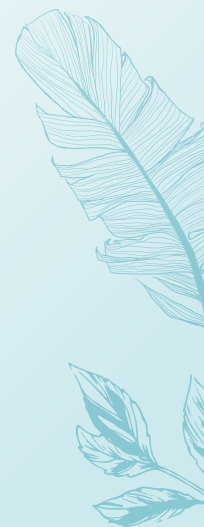
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Chan Sze Lai Celine (陳思例), aged 40, was appointed as an Independent Non-executive Director on 23 January 2018.

Ms. Chan has over 10 years of experience in the pharmaceutical industry. Ms. Chan commenced her career in 2009 as a scientist of GlaxoSmithKline (China) R&D Co., Ltd, where she was responsible for developing platforms to support the development of the therapeutics against neurodegenerative diseases in pre-clinical setting. Between November 2010 and June 2012, she worked in Roche R&D Center (China) Ltd as senior scientist, where she was responsible for assisting the company to optimize project plans and portfolio strategy by providing portfolio analytics in China in alignment with the global strategy. Thereafter, Ms. Chan served as a senior medical science liaison at Novartis Pharmaceuticals (HK) Limited, where she was responsible for developing the medical marketing strategies for the cardiovascular and metabolism business of the company. Between July 2013 and July 2014, Ms. Chan joined Bristol-Myers Squibb Pharma (HK) Ltd with her last position as a scientific advisor where she was responsible for market preparation during the product pre-launch phase for both Hong Kong and Taiwan. Between January 2015 and September 2016, Ms. Chan joined Celgene Limited as a key accounts manager where she was responsible for formulating the business strategies of the company's haematology franchise. From October 2016 to February 2017, Ms. Chan has served as the Manager, Biomedical Technology Cluster in the Corporate Development Division at Hong Kong Science and Technology Park Corporation, where she was responsible for formulating and implementing the short-term and long-term cluster strategy and soliciting support from internal and external stakeholders to support or facilitate building up of strong and sizable biomedical technology cluster in the Hong Kong Science Park. From February 2017 to November 2018, Ms. Chan rejoined Celgene Limited as a senior key accounts manager, leading the operation of the company in Hong Kong and managing the sales performance of the company in Hong Kong. From April to August 2019, Ms. Chan joined Arbele Limited as a strategic planning and business development consultant. Since October 2019, Ms. Chan has been appointed as Associate Director (Innovation Development) in the Office of Innovation Enterprise of The Chinese University of Hong Kong.

Ms. Chan obtained a Bachelor's Degree of Science in Biochemistry with honours from the Queen's University in Canada in May 2002. She obtained a Master's Degree of Science from the University of Toronto in Canada in November 2004 and a Master's Degree of Business Administration from The Hong Kong University of Science and Technology in November 2014. In December 2009, Ms. Chan obtained a Doctor of Philosophy Degree from The University of Hong Kong.





BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Hung Yuen Wa (洪遠樺), aged 49, was appointed as an Independent Non-executive Director on 16 December 2019.

Ms. Hung has over 25 years of experience in the telecommunications and information technology industry. She was employed by Cable & Wireless HKT Limited from January 1994 to July 2000 with her last position as programme management manager. From November 2000 to December 2004, she joined PCCW Limited with her last position as assistant general manager. She then worked as a sales director of MYOB Hong Kong Limited from July 2005 to July 2008. From August 2008 to September 2011, she was employed by Cisco Systems (HK) Limited with her last position as business development manager. From September 2011 to April 2013, she worked as the head of the Enterprise Solutions in Business Markets Division in SmarTone Telecommunications Limited. She then joined Apple Asia Limited since April 2013 and her current position is Information Systems and Technology Field Leader.

Ms. Hung obtained a Bachelor's Degree of Arts from the University of Hong Kong in December 1992 and a Master's Degree of Business Administration (Information Technology Management) from the University of Leicester in July 2006.

Ms. Tsang Wing Yee (曾詠儀), aged 48, was appointed as an Independent Non-executive Director on 23 January 2018.

Ms. Tsang is a Chartered Financial Analyst Charterholder, a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She has been a licensed person under the Securities and Futures Ordinance (the "SFO") permitted to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO since August 2003. Ms. Tsang has over 15 years of experience in the field of corporate finance.

Ms. Tsang obtained a Bachelor's Degree in Business Administration from The University of Hong Kong in November 1993 and a Master's Degree of Science in Financial Management from The University of London in December 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Ho Man Dic (何文迪), aged 42, was our Logistics Manager since November 2015 and became our Head of the Logistics Department in May 2017. He is responsible for overseeing the logistics operation, developing and implementing repackaging procedures and monitoring and implementing the ISO 9001-compliant quality management system.

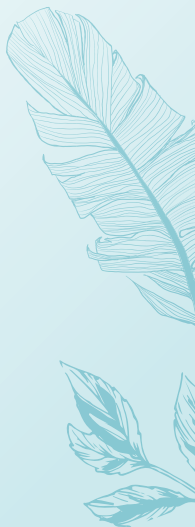
Prior to joining our Group as our Logistic Manager, Mr. Ho provided logistic management services to our Group on a self-employed basis from March 2009 to October 2015.

Mr. Ho completed his secondary school education at Kei Heep Secondary Technical School in Hong Kong in July 1994.

Mr. Mak Yau Kwan (麥又焜), aged 33, was appointed as our Company Secretary on 11 January 2017. He was our Finance Manager since January 2016 and was promoted to the position of Financial Controller in January 2017. Mr. Mak is responsible for supervising our Group's finance activities, budgeting and forecasting, as well as corporate secretarial practices and procedures of our Group.

Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants and has over six years of auditing experience. Prior to joining our Group, Mr. Mak worked as a senior auditor in East Asia Sentinel Limited, a firm of certified public accountants from 2010 to 2015.

Mr. Mak obtained a Bachelor's Degree of Business Administration from the Lingnan University in October 2008.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

The shares of the Company (the "Shares") were listed on the GEM of the Stock Exchange on 12 February 2018 (the "Listing Date"). Except for code provision A.2.1, the Company has adopted and complied with the CG Code from the Listing Date up to the date of this annual report (the "Relevant Period"). Please refer to the paragraph headed "Chairman and Chief Executive Officer" below.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "required standard of dealings" as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code regarding securities transactions by Directors (the "Model Code").

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Relevant Period.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees (include Directors) who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board of the Company currently comprises the following Directors:

Executive Directors

Ms. Yuen Mi Ming Erica (*Chairlady and Chief Executive Officer*)

Ms. Yuen Mimi Mi Wahng

Non-executive Directors

Mr. Cheung Siu Hon Ronald

Mr. Lam Yue Yeung Anthony

Independent Non-executive Directors

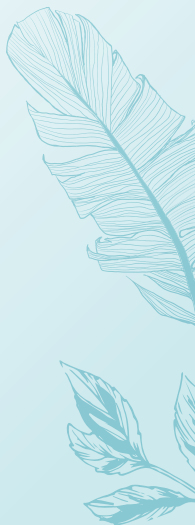
Ms. Chan Sze Lai Celine

Ms. Tsang Wing Yee

Ms. Shum Wai Sze (*resigned on 16 December 2019*)

Ms. Hung Yuen Wa (*appointed on 16 December 2019*)

The biographical information of the Directors and relationships between the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 31 to 35 of the annual report for the year ended 31 March 2020.



CORPORATE GOVERNANCE REPORT

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

The Board has held 5 meetings during the year ended 31 March 2020 and the Directors' attendance records are as follows:

Name of Directors	Attendance
Ms. Yuen Mi Ming Erica	5/5
Ms. Yuen Mimi Mi Wahng	5/5
Mr. Cheung Siu Hon Ronald	5/5
Mr. Lam Yue Yeung Anthony	5/5
Ms. Chan Sze Lai Celine	5/5
Ms. Tsang Wing Yee	5/5
Ms. Shum Wai Sze (<i>resigned 16 December 2019</i>)	1/4
Ms. Hung Yuen Wa (<i>appointed on 16 December 2019</i>)	1/1

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

The Company has deviated from the CG Code since Ms. Erica Yuen is both the chairlady of the Board and the chief executive officer of our Company. The Board believes that it is necessary to vest the roles of the chairlady and the chief executive officer in the same person as Ms. Erica Yuen has been operating and managing our Group since 2009 and is a prominent social media icon on one of the most popular social media platforms. The dual role arrangement provides strong and consistent market leadership and is critical for effective management and business development. As all major decisions are made in consultation with the members of the Board, and there are three Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Independent Non-executive Directors

During the Relevant Period, the Board at all times met the requirements of Rule 5.05 of the GEM Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of her independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company considers all Independent Non-executive Directors are independent.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

The Non-executive Directors (including Independent Non-executive Directors) of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

Article 108(a) of the Articles of Association of the Company provides that at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. In addition, pursuant to article 112 of the Articles of Association, any Director appointed by the Board shall hold office only until the next following general meeting of the Company.

In accordance with Articles 108 (a) and 112 of the Articles of Association of the Company, Mr. Cheung Siu Hon Ronald, Mr. Lam Yue Yeung Anthony and Ms. Hung Yuen Wa (appointed by the Board on 16 December 2019 and whose appointment will end at the forthcoming Annual General Meeting) will retire and, being eligible, offer themselves for re-election at the 2020 Annual General Meeting of the Company.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.



CORPORATE GOVERNANCE REPORT

Diversity Policy

The Board adopted a Board Diversity Policy on 15 June 2018 which sets out the approach to achieve diversity on the Board. The Board has on 27 December 2018 adopted a Diversity Policy to replace the Board Diversity Policy adopted on 15 June 2018. This Diversity Policy sets out the approach to achieve diversity on the Company's Board and Senior Management.

The Board recognizes and embraces the benefits of diversity in the Board and Senior Management and believes that it will enhance decision-making capability and a diverse Board and Senior Management is more effective in dealing with organizational changes and less likely to suffer from group thinking. The Company seeks to achieve board diversity through the consideration against a range of objective criteria, including but not limited to gender, age, nationality, cultural and educational background, skills and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Company.

During the year and at the date of this annual report, the Board comprises of seven Directors, 5 of them are female and two of them are male. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

Name of Directors	Age Group		
	40 and below	41-45	46 and above
Ms. Yuen Mi Ming Erica	✓		
Ms. Yuen Mimi Mi Wahng			✓
Mr. Lam Yue Yeung, Anthony		✓	
Mr. Cheung Siu Hon, Ronald	✓		
Ms. Chan Sze Lai, Celine	✓		
Ms. Hung Yuen Wa			✓
Ms. Tsang Wing Yee			✓

Name of Directors	Professional Experience				
	Skin care and cosmetics industry/ Pharmaceutical Industry	Marketing	Accounting and Finance	Media and Communication	Event Management /Telecommunications and information technology
Ms. Yuen Mi Ming Erica	✓	✓			
Ms. Yuen Mimi Mi Wahng	✓				
Mr. Lam Yue Yeung, Anthony				✓	
Mr. Cheung Siu Hon, Ronald		✓			✓
Ms. Chan Sze Lai, Celine	✓				
Ms. Hung Yuen Wa					✓
Ms. Tsang Wing Yee			✓		

CORPORATE GOVERNANCE REPORT

Measurable Objectives and Selection

The Board will take opportunity to increase the proportion of male members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

Implementation and Monitoring

The Nomination Committee will monitor the implementation of the Diversity Policy and report to the Board annually.

Indemnity of the Directors

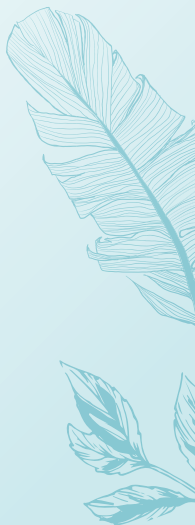
The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are advised to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses. In addition, relevant reading materials including memorandum on the duties and responsibilities of the Directors have been provided to the Directors for their reference and studying.



CORPORATE GOVERNANCE REPORT

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the current Directors during the period from 1 April 2019 and up to the date of this annual report are summarized as follows:

Directors	Training organised by professional organisations	Reading materials updating on GEM Listing Rules amendments
Executive Directors		
Ms. Yuen Mi Ming Erica	✓	✓
Ms. Yuen Mimi Mi Wahng	✓	✓
Non-Executive Directors		
Mr. Cheung Siu Hon Ronald	✓	✓
Mr. Lam Yue Yeung Anthony	✓	✓
Independent Non-Executive Directors		
Ms. Chan Sze Lai Celine	✓	✓
Ms. Tsang Wing Yee	✓	✓
Ms. Hung Yuen Wa	✓	✓

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee have been posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 18.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Chan Sze Lai Celine, Ms. Tsang Wing Yee Ms. Shum Wai Sze (resigned on 16 December 2019) and Ms. Hung Yuen Wa (appointed on 16 December 2019). Ms. Tsang Wing Yee is the chairlady of the Audit Committee.

The Board has on 27 December 2018 revised the Terms of Reference of the Audit Committee which was adopted on 23 January 2018. The revised Terms of Reference has been posted on the website of the Company and the Stock Exchange.

The Terms of Reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Pursuant to the terms of reference of the Audit Committee, the Audit Committee shall hold at least four meetings a year. The Audit Committee held four meetings during the year ended 31 March 2020 to review and approve the Group's quarterly, interim and annual financial results and reports before submission to the Board for approval.

The Audit Committee may hold separate private meeting(s) with the internal auditor and/or the external auditors, without the presence of the Executive Directors or senior management of the Company whenever they think fit and appropriate.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Ms. Tsang Wing Yee (<i>Chairlady</i>)	4/4
Ms. Chan Sze Lai	4/4
Ms. Shum Wai Sze (<i>resigned on 16 December 2019</i>)	1/3
Ms. Hung Yuen Wa (<i>appointed on 16 December 2019</i>)	1/1





CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee consists of three members, namely Ms. Yuen Mi Ming Erica, Executive Director, Ms. Chan Sze Lai Celine, Independent Non-executive Director, Ms. Shum Wai Sze (resigned on 16 December 2019), Independent non-executive Director and Ms. Hung Yuen Wa (appointed on 16 December 2019), Independent Non-executive Director. Ms. Chan Sze Lai Celine is the chairlady of the Remuneration Committee.

The Terms of Reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. A copy of the Terms of Reference has been posted on the websites of the Company and the Stock Exchange.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee shall meet not less than once every year. The Remuneration Committee has held two meeting during the year ended 31 March 2020.

Details of the remuneration of the senior management by band are set out in note 9 in the Notes to the Audited Financial Statements for the year ended 31 March 2020.

Nomination Committee

The Nomination Committee consists of three members, namely Ms. Yuen Mi Ming Erica, Executive Director, Ms. Chan Sze Lai Celine, Independent Non-executive Director, Ms. Shum Wai Sze (resigned on 16 December 2019), Independent Non-executive Director and Ms. Hung Yuen Wa (appointed on 16 December 2019), Independent non-executive Director, Ms. Yuen Mi Ming Erica is the chairlady of the Nomination Committee.

The Terms of Reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. A copy of the Terms of Reference has been posted on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

CORPORATE GOVERNANCE REPORT

The Nomination Committee has held two meeting during the year ended 31 March 2020.

Nomination Policy

A Nomination Policy has been adopted by the Board on 27 December 2018 to enable the Nomination Committee to consider and make recommendations to the shareholders for election as Directors at general meetings or to the Directors for appointment to fill casual vacancies.

Selection Criteria

In considering the nomination of new Directors, the Nomination Committee will consider the following criteria in evaluating and selecting candidates for directorship:

- (1) Character and integrity;
- (2) Qualifications including professional qualification, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (3) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- (4) Requirements for the Board to have Independent Non-executive Directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 5.09 of the GEM Listing Rules;
- (5) Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (6) Such other perspectives appropriate to the Company's business.

Nomination Procedure

Subject to the provisions of the Articles of Association and the GEM Listing Rules, if the Board recognizes the need for an additional Director or a member of senior management, the following procedure will be followed:

(A) Appointment of a new Director

- (1) The Nomination Committee shall, upon receipt of the proposal on appointment of new director and biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria set out in the Nomination Policy to determine whether such candidate is qualified for directorship;
- (2) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
- (3) The Nomination Committee shall then recommend to appoint the appropriate candidate for directorship; and





CORPORATE GOVERNANCE REPORT

- (4) For any person that is nominated by a shareholder for election as a Director at a general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria set out in the Nomination Policy to determine whether such candidate is qualified for directorship and where appropriate, the Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of Directors at the general meeting.



(B) *Re-election of Directors at General Meeting*

- (i) The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board;
- (ii) The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria set out in the Nomination Policy;
- (iii) The Nomination Committee and the Board shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of the Company is committed to complying with legal and regulatory requirements in relation to governance, risk management, compliance and internal control of Company operations.

The Board acknowledges its overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take to achieve the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable assurance against material misstatement or loss.

The Board, supported by the Audit Committee as well as the management, is responsible for establishing our internal control system, reviewing its effectiveness, and overseeing the design, implementation and monitoring of the risk management and internal control systems.

Risk assessment has been performed with senior management to identify the major risks that the Company is facing. This review has been conducted based on risk parameters such as the probability and hazard of the risks, critical points that may trigger the risk control measures, and prioritization of risk control, among others.

CORPORATE GOVERNANCE REPORT

The senior management has identified uncertainties and ranked such risks from a long-term perspective instead of concentrating only short-term risks. The management, in coordination with department heads, assesses the likelihood of risk occurrence, and monitors the risk management progress, and reports to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The Board considers the qualification and experience of responsible staff, as well as training programs for staff and relevant budgets, are sufficient after reviewing the resources allocated to accounting, internal control and financial reporting.

The management considered that given the size and scale of our operations, it is more appropriate for the Company to outsource its internal audit function to external service provider.

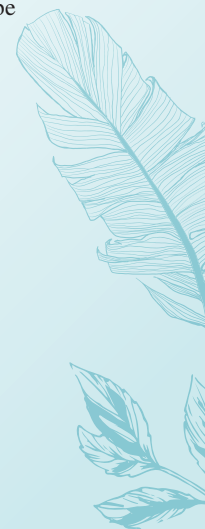
The Company has developed a Disclosure Policy to provide the Company's Directors, senior management and relevant employees a general guide in handling confidential/inside information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and put forward to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules and the Securities and Futures Ordinance will be announced on the websites of the Company and the Stock Exchange.

The Board has conducted an annual review of the risk management and internal control systems in April 2020 and confirmed that the systems are effective and adequate.

Dividend Policy

The Company has on 27 December 2018 adopted a Dividend Policy that aims to provide guidelines for the Board to determine whether dividends are to be declared and paid to the shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the amount of dividend payable, the Board shall take into consideration the Company's future operations, earnings, capital requirements, surplus, general financial condition and such other factors that the Directors consider appropriate.

Any declaration and payment as well as the amount of dividend will also be subject to the Articles of Association of the Company and the Companies Law of the Cayman Islands, including (where required) the approval of the shareholders of the company. There is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future.



CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 83 to 87.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, Messrs. Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 March 2020 is set out below:

Service Category	Fees Paid/Payable HK\$'000
Audit Services	1,023
Non-audit Services	
– Professional services in relation to the Proposed Transfer of Listing	586
– Others	440
	2,049

COMPANY SECRETARY

Mr. Mak Yau Kwan has been appointed as the Company's Company Secretary. Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants and he took more than 15 hours of relevant professional training for the year ended 31 March 2020.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

CORPORATE GOVERNANCE REPORT

Convening an Extraordinary General Meeting and putting forward proposals at General Meeting

Pursuant to Article 64 of the Articles of the Company, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at 16/F., Guangdong Tours Centre, 18 Pennington Street, Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles.

Communication with Shareholders

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "Policy") on 12 February 2018. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings of the Company, the Company's financial reports (quarterly reports, interim reports and annual reports), and its corporate communications and publications which include announcements and circulars on the Company's website and the Stock Exchange's website.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions, requests, comments and suggestions can be addressed to the Company by post to its head office and principal place of business in Hong Kong or via telephone.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

Address: 16/F., Guangdong Tours Centre, 18 Pennington Street, Hong Kong (For the attention of the Company Secretary)

For the avoidance of doubt, shareholder(s) must deposit the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing Date to the date of this annual report, there have been no significant changes to the constitutional documents of the Company. An up to date version of the Company's Articles is available on the Company's website and the Stock Exchange's website.






ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING STANDARD, PERIOD AND SCOPE

This environmental, social and governance report (hereinafter referred to as “ESG Report”) was prepared in compliance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 20 of the GEM Board Listing Rules of The Stock Exchange of Hong Kong Limited (“HKEX”).



This ESG Report describes the progress of Environmental, Social and Governance (“ESG”) efforts made by Mi Ming Mart Holdings Limited (the “Company”) and its subsidiaries (collectively “we”, “us” ours”, or the “Group”) during the period from 1 April 2019 to 31 March 2020 (the “Reporting Period”) in formulating policies, monitoring its progress and reporting to investors and other stakeholders beyond its financial results and business operation. The reporting scope of this ESG report covers 12 (2019:11) locations including the head office, the ten retail stores and the warehouse which were all located in Hong Kong.

OUR BACKGROUND

Since commencement of business in 2009, the Group has upheld the philosophy of “defining clean beauty” (“擇善美麗”) to continue with the commitment to serve and offer our products to customers that contain no ingredients that would affect or impair health. Our philosophy and commitment have been the cornerstones of our ESG strategy which has enabled the Group to increase the number of different brand offerings to our customers over the past ten years.

OUR COMMITMENT AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The board of directors (the “Board”) of the Group recognizes the importance of strong ESG performance in meeting the changing expectations of stakeholders, enhancing the performance of the Group and supporting to sustainable development. The Board, working together with the management has taken the overall responsibility to oversight the overall directions of ESG related issues, assess and identify ESG risks and opportunities associated with the Group for the purpose of ESG strategy and reporting, and allocate Company’s resources effectively to respond to its ESG related risks. The Board also has a far-reaching commitment to promote environmentally and socially sustainable culture among all our employees to maintain sustainable growth for the Group.

Using a top-down approach, we assimilate ESG concepts into our daily operations at the workplace through the Group’s policies and guidelines, so that each of our employees becomes the ambassador of our sustainability efforts, thus ensuring that the scope of the efforts is sufficiently broad to cover the significant parts of our businesses.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

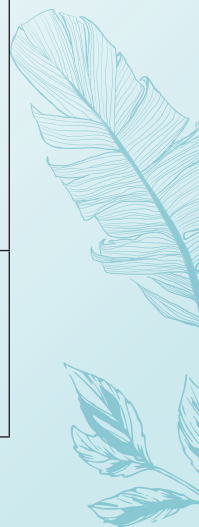
Stakeholder Engagement

The Group values its stakeholders and endeavours to understand and accommodate their views and interests related to ESG through constructive communication and the fostering of strong working relationships. The Company, while formulating operational strategies, takes into account the stakeholders’ expectations in ESG through their mutual cooperation and active engagement, in doing so creating value not only for our business, but also for our environment, our employees and our community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The stakeholder groups, their expectations and their typical communication with the Group are as below:

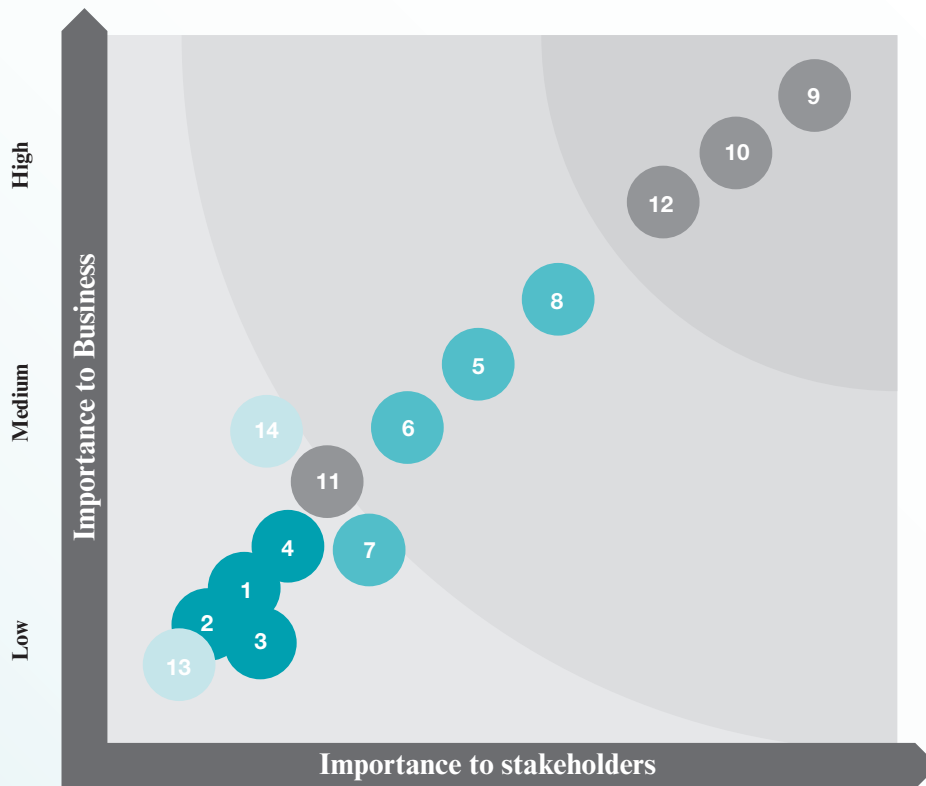
Stakeholder groups	Expectations	Typical communication channels
Customers	<ul style="list-style-type: none"> ➢ Product quality ➢ Product safety and responsibility ➢ Product price ➢ Return policy ➢ Introduction of new products 	<ul style="list-style-type: none"> ➢ Direct engagements at the company's retail stores ➢ Indirect engagement via various touch points within the Group's digital platforms, handled by designated staff at various social media platforms ➢ Regular communication via email or telephone
Suppliers	<ul style="list-style-type: none"> ➢ Stable business relationship ➢ Compliance with environmental standards and requirements ➢ Fair and honest dealing ➢ Timely information sharing ➢ Settlement of invoice in a timely manner 	<ul style="list-style-type: none"> ➢ Supplier evaluations ➢ Regular communication via email or telephone ➢ Regular progress meetings and/or reports ➢ Face to face meetings including visits to factories
Shareholders and investors	<ul style="list-style-type: none"> ➢ Return on investment ➢ Information disclosure and transparency ➢ Protect the rights and interests of shareholders ➢ Disclose relevant and accurate information in a timely manner ➢ Improve corporate governance ➢ Action in compliance with laws and regulations ➢ Anti-corruption 	<ul style="list-style-type: none"> ➢ Financial reports, results announcements, press release, circulars and other publicly available information ➢ Regular results briefing towards shareholders and AGM, etc. ➢ Email and phone inquiry about the Company ➢ Roadshows/meeting/calls/conferences with Shareholders/investors ➢ Information disclosure of being a listed company ➢ Information disclosure on the websites of the HKEX and the Company
Employees	<ul style="list-style-type: none"> ➢ Vocational Training ➢ Career development and opportunities ➢ Working environment ➢ Health and safety protection ➢ Salary and welfare 	<ul style="list-style-type: none"> ➢ Training, seminars and workshops ➢ Mentoring by direct supervisor ➢ Employee handbook ➢ Employee notice boards ➢ Direct communication with employees ➢ Regular team gathering and sharing ➢ Collection of feedback from employees ➢ Employee activities and team-building exercises
Local communities, non-government organisations and the general public	<ul style="list-style-type: none"> ➢ Employment opportunities ➢ Ecological environment ➢ Community development and social common wealth ➢ Enthusiasm towards public welfare ➢ Charitable donations ➢ Reduction in pollutant emissions ➢ Reduction in waste 	<ul style="list-style-type: none"> ➢ Charitable activities ➢ Community investment and service ➢ Environmental protection activities ➢ Sponsorships and donations
Media	<ul style="list-style-type: none"> ➢ Transparency of information ➢ Good media relations 	<ul style="list-style-type: none"> ➢ Regular press release and update on new product launches ➢ Information disclosure on the websites of the HKEX and the Company ➢ Financial reports, announcements and circulars and other publicly available information



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

To enable us to report on the most important issues, the Group has assessed issues in accordance with the ESG aspects as set out in the ESG Reporting Guide during the Reporting Period. The Group has further collected relevant information from its stakeholders to estimate the impact of these issues to the Group and have obtained the following materiality assessment results.



Low	Medium	High
<p> Environment</p> <ul style="list-style-type: none"> 1. Environmental compliance 2. Investment in environmental protection 3. Greenhouse gas emissions 4. Waste management 	<p> Employee</p> <ul style="list-style-type: none"> 5. Salary and welfare 6. Health and safety protection 7. Employee diversification 8. Training and career development 	
<p> Business</p> <ul style="list-style-type: none"> 9. Product safety 10. Product quality 11. Intellectual property rights 12. Supply chain management 		<p> Community</p> <ul style="list-style-type: none"> 13. Community development 14. Charitable donations and community service

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on these results, the Company will continue to improve its ESG performance to meet stakeholders' expectations and deal with the risks faced by it. Details of our work under these ESG aspects which are considered to be relevant to the operation during the Reporting Period will be presented in the following four sections, namely "Our Environment", "Our Employee", "Our Business" and "Our Community".

OUR ENVIRONMENT

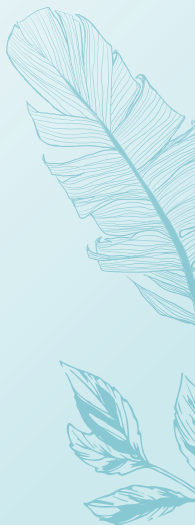
The Group is aware of the risk associated with climate change and the importance of the efforts in managing these risks in the global community. Although the Group does not engage in activities that have a significant environmental impact, it has been our mission to conduct our business in a manner that is environmentally responsible as far as possible, minimising the impact to the environment from our business operations however small it may be.

Nonetheless, the Group has always attached great importance to the protection of the environment and has adopted a number of measures which are regularly carried out to manage emissions and waste in the course of our business operations.

The Group is also committed to complying with all applicable environmental laws and regulations. During the Reporting Period, the Company has not received any related complaint, nor has it breached (2019: Nil). any relevant environmental laws and regulations which includes but not limited to the following:

- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong);
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong); and
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 345O of the Laws of Hong Kong).

In this section we shall detail the ESG performances of the Group with regards to emissions and waste, use of resources, and environment and natural resources.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A1: Emissions and Wastes

Air and Greenhouse Gas (“GHG”) emissions

The approximate volume of different types of GHG emissions in carbon dioxide equivalent (“CO₂e”) during the Reporting Period were as follows:

(Units: tonnes of CO ₂ e)	Emission source(s)	For the year ended 31 March		For the year ended 31 March	
		2020	2019	2020	2019
Greenhouse gas emissions		Volume emitted	Intensities (Note 1)	Volume emitted	Intensities (Note 1)
Scope 1 Direct emissions	Use of company vehicle	–	–	1.11	0.12
Scope 2 Energy indirect emissions	Purchased electricity	114.34	11.43	87.06	9.67
Scope 3 Other indirect emissions	<ul style="list-style-type: none"> • Electricity use for fresh water and sewage processing by government departments • Paper disposal at landfill 	3.89	0.39	2.89	0.32
Total		118.23	11.82	91.06	10.11

Note 1: Intensities is calculated as the division of the total emissions by the number of retail stores as at the end of Reporting Period.

The Group has made an assessment and concluded that the risk and impact of Scope 1 GHG emission is immaterial when compared to the other areas of ESG, as can be seen from the volume emitted from previous years. The Group has therefore decided not to compile this information for the purpose of disclosure in this ESG Report in this Reporting Period. However, the Group will continue to monitor the business closely and may make disclosure in the future should it become material and cost-effective to do so.

Scope 2 GHG emissions were the major contributor of the Group’s emissions during the Reporting Period. This is an indirect emission by the Group as a result of the use of electricity at our head office, retail stores and the warehouse. This electricity is purchased from electricity companies which generated these GHG emissions directly by the burning of fuel. During the Reporting Period, a total of approximately 114 (2019: 87) tonnes of Scope 2 GHG emissions were emitted, representing a monthly average emission of approximately 9.5 (2019: 7.25) tonnes.

By comparison, the environmental impact of scope 3 GHG emissions were relatively small. The total emissions from scope 3 GHG were approximately 3.89 (2019: 2.89) tonnes during the Reporting Period, of which approximately 3.8 (2019: 2.86) tonnes were a result of paper disposal at landfill, while the remaining were due to the use of electricity for fresh water and sewage processing by government departments.

Despite the relocation to a larger warehouse that has increased the overall intensities of the GHG emissions by 17% during the Reporting Period, the total GHG emissions has remained at a steadily low level during this Reporting Period as well as those in the past years. This achievement will not be possible if it wasn’t for the successful implementation of the ESG strategy of the Group that has managed to reduce our emission levels effectively. These will be detailed in the later section headed “environmental protection measures”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Wastes

During the Reporting Period, the Group did not generate any hazardous waste and there was no discharge into water and land (2019: nil). Wastes generated by the Group were non-hazardous in nature which include cosmetic consumables such as cotton pads, make-up brushes, plastic bottles from suppliers, bubble wraps, carton boxes and paper from office printing. Due to the various waste reduction measures implemented in the Group the amount of wastes generated during the Reporting Period were negligible. These measures are described in the later section headed “environmental protection measures”. By considering the cost effectiveness and insignificance of the impact as compared with other key performance indicators (“KPIs”), volume data for non-hazardous waste generation was not collected for analysis purpose.

Aspect A2: Use of Resources

Energy and water resources

The major source of energy consumed by the Group was electricity. It is used in all areas of the Group’s business operation, which include general lighting and powering of laptops, monitors, printers, Point-Of-Sales systems and other equipment in the office, retail stores and the warehouse.

Water resource used by the Group remains minimal, since it was mainly used in the pantries and toilets. There is no sourcing issue for water occurred during the Reporting Period.

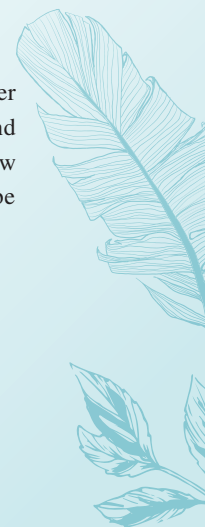
The other resource used was paper which was mainly for printing at the head office.

The amount of energy and resources consumed during the Reporting Period were as follows:

Energy and Resources	Units	For the year ended 31 March			
		2020 Consumption amount	Intensities (Note 1)	2019 Consumption amount	Intensities (Note 1)
Electricity	kWh	157,330	15,733	120,118	13,346
Water	Tonnes	144	14	89	10
Paper	Kilograms	792	79	596	66

Note 1: Intensities is calculated as the division of the total emissions by the number of retail stores as at the end of Reporting Period.

As noted in the previous paragraph, during the Reporting Period we have utilised a warehouse which has a larger floor area which will inevitably increase the overall electricity consumption. We are conscious of this increase and we will monitor closely and manage these ESG risks that may impact the Company effectively, by devising new environmental protection measures and adjusting existing ones accordingly. These mitigating measures will be detailed in the later section titled “environmental protection measures”.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Packaging materials

The products offered by the Group require a substantial amount of packaging materials, including bottles, droppers and boxes. The consumption of packaging materials during the Reporting Period is shown as below:

Type	Consumption amount (Note 2)	Intensities (Note 1)
Bottles and droppers	7.14 tonnes	49 grams
Boxes	1.65 tonnes	11.5 grams

Note 1: The intensity amounts are the weights of each of the packaging materials with reference to an average-sized product.

Note 2: The consumption amount is calculated by multiplying the intensity and the pieces of packaging materials consumed during the Reporting Period.

Aspect A3: Environment and Natural Resources

As the Group is principally engaged in the retailing of beauty and health products to customers, and hence apart from the use of resources as mentioned in the previous section, the Group does consume any natural resources in the process of its business. Additionally, our Group is dedicated to selecting products that is environmental friendly and hence the impact on the environment or natural resources was minimal during the Reporting Period.

The Company is well aware of the importance in environmental protection. In furtherance of the Company's ESG strategy it has adopted policies and implemented a range of measures to minimize current impact and manage any potential adverse impact in the future, persisting in conducting our business in an environmentally responsible manner.

These policies and measures are described below:

Environmental Protection Measures

Our implementation of environmental protection measures aims to reduce emissions, make efficient use of resources, properly manage and control wastage and dispose of waste in an environmental-friendly manner. The Company is committed to aligning its business operation with the overall ESG strategy through the effective implementation of these measures, which are regularly carried out in the course of our business operations including:

- The staff handbook and various other policies are updated as and when necessary to incorporate environmental protection ideas. For example, encourage employees to turn off electronic equipment when not in use or when leaving the office in order to save energy; think twice before printing emails and re-use printing paper wherever possible in order to save paper; reduce the use of office consumables (such as paper, pens, file folders, post-it notes and toner or ink cartridges, etc) and recycle office waste (such as paper cartons) whenever possible.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- In addition to the written guidelines, the Group has wherever possible also invested resources in exploring environmental-friendly products and equipment, for instance installation of water-efficient taps and the use of energy-efficient lightings and electrical appliances in the office, retail stores and the warehouse.
- The workplace temperature has been maintained at a comfortable level to reduce overcooling or under-cooling and thus reducing excessive use of electricity.
- We conduct regular operational training sessions to ensure our employees are fully aware of the Company's policies and to align our practices, one of which is fostering environmental protection awareness.
- Waste produced in the course of business operations such as plastic bottles, bubble wraps, carton boxes are re-used wherever possible, for instance by our online store to ship products to customers, otherwise recycled by disposing them into the appropriate local waste collection points.
- We use reusable plastic box to transport products between retail stores and warehouse.
- In a selection of products under our own brand "POME", we use Forest Stewardship Council certified recycle papers as the packaging materials. In addition, we do not use additional packaging materials on finished products other than those supplied by the suppliers, and we also encourage customers to bring their own bags to purchase our products at our retail stores.
- New renovation of the retail stores is kept as minimalistic as possible, and any dismantled materials (e.g. the display board and festival decoration, etc) from old stores that can be reused will be stored and re-used again in the new stores.
- We do most promotion online and keep the printing of paper promotion leaflets to a minimum to reduce the consumption of paper.
- We have stringent procedures in ensuring that we only select suppliers that fits our selection criteria, one of which is environmental friendliness. This will ensure that regardless of whether procuring for sales and for self-consumption, the Group procures from suppliers whose products are harmless to humans and the environment. This is described in detail in later section titled "Aspect B5: Supply Chain Management".





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR EMPLOYEEE

The Group highly values its employees, as the workforce is not only the most valuable asset of the Group but is also the solid foundation of sustainable development and thus is committed to providing employees with a fair and equitable workplace environment. In this section we shall detail the ESG performances of the Group with regards to employment, health and safety, development and training, and labour standards.

Aspect B1: Employment

With the aim to foster a fair, honest, safe and comfortable working environment for all our employees, the Group is committed to the compliance of, and had complied with, significant and applicable laws and regulations relating to the employment of labour of Hong Kong during the Reporting Period, which include:

- The Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- The Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong);
- The Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong);
- The Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong);
- The Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong);
- The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong); and
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong).

To further protect the interests of employees, the Group has formulated and stipulated a set of human resources policies in the staff handbook in respect of recruitment, employment, working hours, remuneration, commission, salary adjustment, termination of employment, leave entitlements and other employee benefits, as well as guidelines related to occupational health & safety, misconducts, anti-bribery and equal opportunities, and handling procedures for suggestion and complaints. These policies are clearly communicated to all levels of employees.

Through the implementation of these policies, the Group aims to eliminate all forms of discrimination and unfairness at the workplace, thus ensuring equal opportunities. Our employees are fairly recruited, remunerated and their promotions are based upon their individual merits, qualifications, competence, suitability and contribution to the Group, and not based upon gender, family position or ethnic background. There is no limit imposed on age other than the legal minimum age limit.

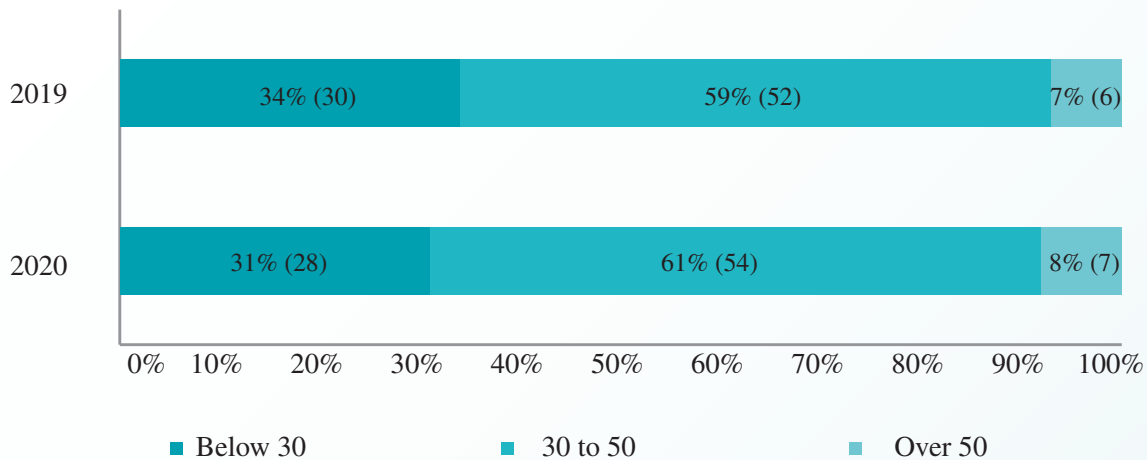
The Group respects and protects employee rights, while also encourages employees at all levels to embrace the same corporate values to treat each other with respect, and conduct business in a professional manner with integrity, impartiality and honesty. Unethical conducts regardless of inside or outside of the Group are strictly prohibited. To that end, the Company has stipulated code of conduct in the employment contract as well as in the staff handbook and has established a whistle-blowing policy to weed out corrupted practices as outlined in the section "Aspect B7: Anti-corruption".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our dedicated workforce

The number and the age distribution of employees working for the Group have been stable during the Reporting Period, with a total number of employee of 89 as at the end of Reporting Period (2019: 88), all employed in Hong Kong. The workforce categorised by age groups is depicted below:

Employees by age groups



In total there were 74 (2019: 74) general staff, 11 (2019: 10) middle management employees, and 4 (2019: 4) senior management employees. Employees in the senior management roles are Chief Executive Officer, Chief Operating Officer, Financial Controller and the Head of Logistics Department, who are experienced individuals responsible for making strategic-level decision, as well as overseeing and monitoring the performance of these strategic goals. Employees in the middle management roles are mainly departmental principals, who supervise the daily operations and the performance of their responsible departments, while employees in the general staff roles are those who are at the front-line of their respective functional departments, for instance, shop supervisors who regularly deal with customers, and logistics & quality assurance staff who deal with the daily stock in and out, repackaging, and quality assurance operations.

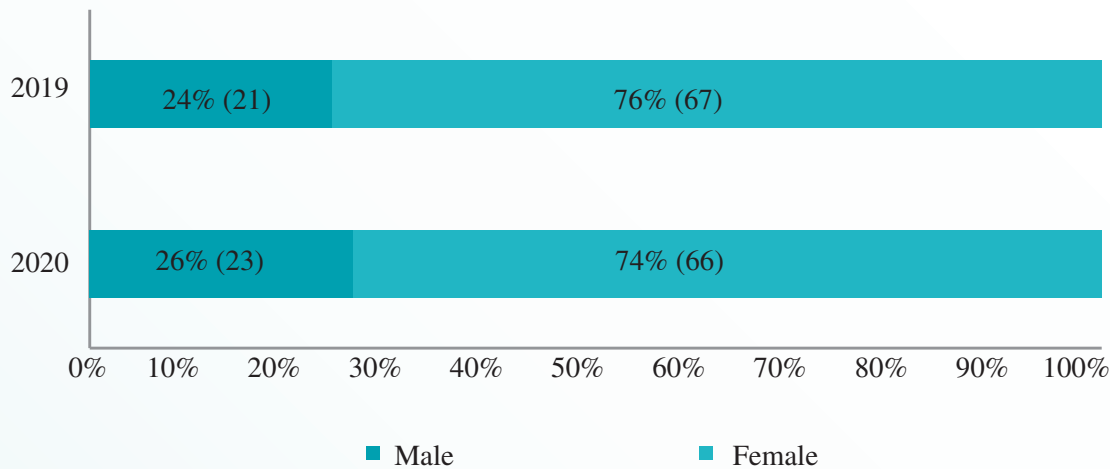
As at end of Reporting Period, our workforce was predominantly in the “30 to 50” age group, accounting for 61% (2019: 59%) of the workforce, while approximately 31% (2019: 34%) belonged to the “below 30” group, and the remaining approximately 8% (2019: 7%) belonged to employees over 50 years old.



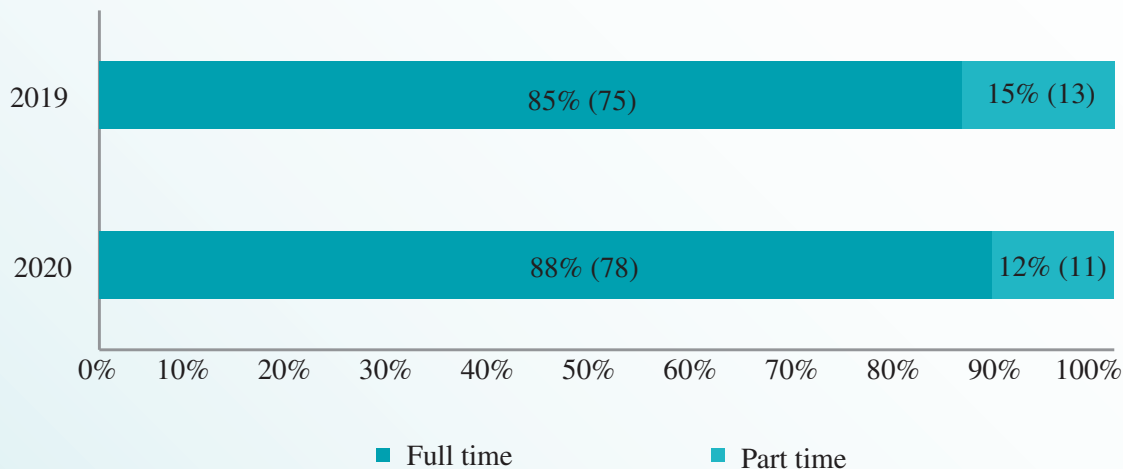
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The gender ratios of workforce and employees categorized by full or part-time are depicted below:

Employees by gender



Employees by employment type



The majority of the Group's employees were employed full-time. As at the end of Reporting Period, there were 78 (2019: 75) full-time versus 11 (2019: 13) part-time employees. The majority of part-time employees were beauty specialist and consultants who work at our retail stores.

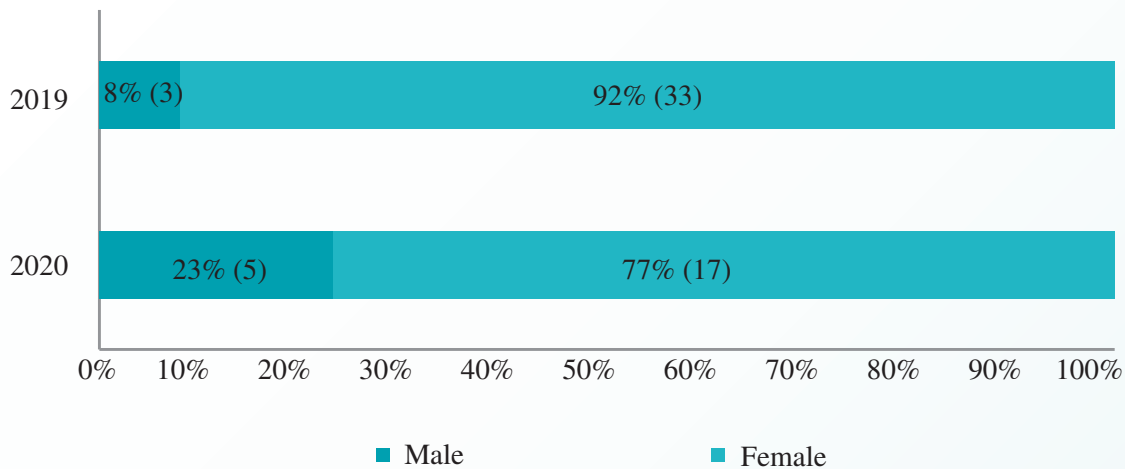
There were 66 (2019: 67) female and 23 (2019: 21) male employees, with a female-to-male ratio of approximately 3:1 similar to that of last year. The ratio of female employees remains higher due to the higher percentage female general staff required as front-line employees to facilitate the sales and to give advice on products which predominantly appeal only to females, such as make-up and cosmetic products.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

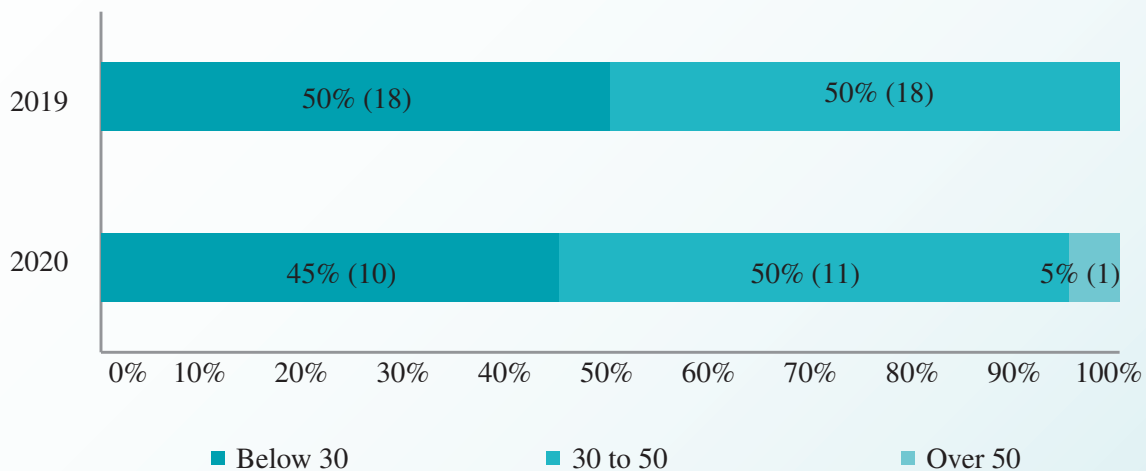
Employee turnover

During the Reporting Period, a total of 22 employees left the Group compared to 36 employees last year, showing an improvement in employees' retention. The ratio of employee turnover categorised by gender and age groups are as follows:

Employees' turnover by gender



Employees' turnover by age groups



All the employee turnover was from the general staff category during the Reporting Period, which showed the same situation as in the last Reporting Period, showing a high retention rate of employees in the middle and senior management categories.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Retaining talents

To address talent retention, the Group has implemented an annual appraisal program that periodically reviews staff performances, motivates them to attain their career goals and ultimately help them to explore and achieve their full potentials. Based on these appraisals the Group also performs regular salary reviews to ensure employees are reasonably remunerated and incentivised. A system to review employees' leaves and other benefits is also conducted regularly. Promotion and internal transfer to different roles within the Group are also offered to employees needing a new challenge or a change of environment.

The Group also invests in its employees by providing numerous training and continuous development opportunities, which will be further discussed in the next section "Aspect B3: Development and Training".

All employees are provided with leave and rest days as stipulated in their individual employment contracts and staff handbook, in accordance with labour laws and regulations through paid statutory, annual, sick, paternity and maternity leave. Moreover, the Company also provide additional leave such as compassionate leave and birthday leave, as well as other staff benefits such as discretionary performance bonus and year-end bonus as a way to reward those who are at their best.

The Group offers employees the opportunities to express their complaints, opinions and feelings about working arrangement or company policies by directly reflecting to their immediate supervisor or department head so as to explore solutions to deal with it.

During the Reporting Period, there had been no breach in the compliance of applicable employment laws and regulations in Hong Kong (2019: Nil).

Aspect B2: Health and Safety

The Company is committed to maintaining and improving the well-being of our employees and customers, hence when working and visiting our stores, offices and warehouse their health and safety is extremely important to us.

To mitigate the risk of workplace injuries and to give guidance and to enhance awareness of our employees in occupational health and safety, we have stipulated occupational health and safety policies in the staff handbook. All injuries at work must be reported to the department supervisor and the Human Resources Department and compensation will be paid in accordance with the Employees' Compensation Ordinance. To further foster health and safety awareness among our employees, we provide our employees periodic training in occupational health and safety, to equip them with the essential knowledge in occupational hazard mitigation. For more details of our employees' training programme, please refer to the next section "Aspect B3: Development and Training".

To ensure the health and safety of both our customers and our employees, the Group will comply with the relevant building and fire safety requirements whenever we renovate or make modifications to our retail stores, offices and warehouse. We will cooperate with the Fire Department should any inspection is conducted.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group had neither significant cases of workplace injury, nor work-related fatalities and lost day due to these injuries (2019: Nil). The Group had fully complied with the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and subsidiary legislation relating to the planning, design and construction of buildings and associated works, and had obtained all necessary permissions from the appropriate authorities.

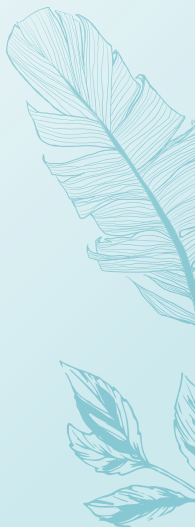
Aspect B3: Development and Training

The Company places great importance on the continuing development of professional knowledge and skills for our employees. The Company believes that the continued growth and success of our business is built upon employee excellence and their ability to provide quality of services to our customers, and also a key element on skilled workforce retention.

The Company has established policies, through systematic training and professional development, to ensure that employees have the training required to fulfil the continuous professional training requirements of their respective profession. Through the implementation of these policies, the Company provides both internal and external trainings such as those held by Hong Kong Retail Management Association.

On-the-job training opportunities for all levels of employees are also provided. Management staff of the Group visits all retail shops in a regular 2 weeks cycle to provide trainings as well as receiving feedback from staff. These visits also serve to ensure the servicing quality of the retail staff.

Trainings on corporate culture, retail management, customer experience, communication skills, product information, mental health and health & occupational safety are held throughout the Reporting Period. These trainings enable our staff to keep abreast of the latest developments in product knowledge, safety and health at work, as well as other compliance related matters.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, our employees had completed a total of approximately 916 training hours (2019: 758) which took place in Hong Kong. Average number of training hours for each employee is approximately 10.29 hours (2019: 8.61). The Group has increased the total training hours during the Reporting Period to further enhance the skills of its employees for daily operation needs. Summary of training by gender and by hierarchy is present as below:

	For the year ended 31 March					
	Number of employees*	2020 Total training hours	Average training hours	Number of employees*	2019 Total training hours	Average training hours
By gender						
Male	23 (30%)	298	12.96	21 (19%)	172	8.19
Female	66 (70%)	618	9.36	67 (81%)	586	8.75
Total	89 (100%)	916	10.29	88 (100%)	758	8.61
By hierarchy						
Senior Management	4 (4%)	32	8.00	4 (3%)	32	8.00
Middle Management	11 (15%)	180	16.36	10 (8%)	128	12.80
General staff	74 (81%)	704	9.51	74 (89%)	598	8.08
Total	89 (100%)	916	10.29	88 (100%)	758	8.61

* As at 31 March

Other than training, the Company organises regular gathering, culture day, spring and annual dinner which are all excellent opportunities for staff to be more accustomed to our corporate culture, for management staff to facilitate their team building, as well as for staff own personal career development.

Aspect B4: Labour Standards

The Company attaches great importance to, and strictly abides by all applicable labour laws and regulations on employment in Hong Kong including those mentioned in section “Aspect B1: Employment”.

Through the implementation of our policies, continuous staff training and their adherence to the code of conduct, unethical business practices such as child and forced labour, have been effectively eliminated by the Group. In addition, we actively detect and prevent these practices through our regular internal quality audit and our comprehensive screening in the recruiting process. Staff from the Human Resources Department checks the identification documents of candidate to ensure that they have already reached the legal working age. We also have a whistle-blowing policy for anyone including the employees to voice any grievances, file a complaint against the Group or to report on unethical behaviour. This will be described in detail in the later section “Aspect B7: Anti-corruption”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Work schedules are reasonably arranged with feedback from the employees to ensure it is set up fairly, and that the employees work voluntarily to ensure they have the appropriate work-life balance. Where there is an urgent need for overtime work, employees may request to do so on their own accord and after obtaining the prior approval from their department supervisor. In that case overtime compensation will be provided in accordance with relevant labour laws and regulations.

OUR BUSINESS

Aspect B5: Supply Chain Management

The Group has a network of retail stores in Hong Kong as well as an online store that offer products from a wide range of product category such as skincare, cosmetic, food and health supplements, as well as detergents that are environmental and skin-friendly and air purifier that can filter out contaminants that can be dangerous to health. These stores have attracted customers not only from Hong Kong but also many from overseas.

The quality assurance of our suppliers is of particular importance to uphold the Company's values and mission in the products we offer to our customers. As at the end of the Reporting Period, we had 40 approved suppliers, 27 from Hong Kong, 4 from Australia, 4 from the United States and the remaining 5 from other countries in Asia (except China and Hong Kong).

As part of our product quality assurance system, the Company adopts a comprehensive product quality evaluation process to select suppliers of goods and services for sales and for self-consumption. This process ensures that suppliers of products and services, new and existing, continue to meet the standard of quality required by the Company. In addition, the cost-quality of these suppliers are also regularly compared, analysed, assessed in an open and fair manner. Non-performing suppliers are timely eliminated from the approved supplier list, and we also actively source for new suppliers to be added to the list. We assess new and existing suppliers on the same stringent selection criteria set by the Group, based upon the Group's philosophy on product quality. These criteria include the following but not limited to:

- level of social responsibility of the supplier;
- level of environmental-friendliness of the supplier;
- quality and reputation of the ultimate source of their products;
- reputation of the supplier in the industry;
- whether or not their products have undergone animal testing;
- quality of products or services the Company has received in the past; and
- timing of their past deliveries.

New suppliers are added to the list of approved suppliers only if they meet the new admission criteria, and upon the approval by our Chief Executive Officer.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Before initiating business with these suppliers, we will also refer to the relevant laboratory test report, and will arrange samples of the product for ingredient examination internally or through an external laboratory if necessary, or review its ingredients lists to ensure that the product and its ingredients comply with all the relevant rules and regulations.

The Company also keeps a list of blacklist ingredients which is updated regularly. This list is updated with reference to the information from the Environmental Working Group, a non-profit, non-partisan organization dedicated to protecting human health and the environment that advocates cruelty-free and environmental-friendliness in consumer products. The Company regularly checks this list against the products we offer to ensure the safety of our products.

During the Reporting Period, the Company has sourced various eco-friendly and socially responsible products. Among these products, the brand of products “INIK Organic” is of particular significance. These INIK Organic products are certified to contain more than 70% certified organic ingredients, bio-degradable, contain no animal derivatives, and never tested on animals or contain ingredients which are a result of animal cruelty. It is also free of alcohol and vegan which meet the requirements for halal certification by top halal certifying body. In addition to INIK Organic products, certain products we offered during the Reporting Period are also certified by FDA, the United States government agency which regulates food and drug safety.

Aspect B6: Product Responsibility

Quality Assurance

In addition to selecting the right suppliers as detailed in the previous section, we have laid down strict policies and procedures to ensure product quality which differentiates our products from those of our competitors in the industry.

We control the quality of our products by ensuring the quality of their regular shipments, relying on our dedicated Quality Assurance Team to carry out inspection of these products upon arrival. The Quality Assurance Team is responsible for visually inspect all received products for defects and ensure that the ingredients and labelling on the products are correct. For the exceptional case that some labelling have been changed and have doubt with the product quality, we communicate with the suppliers immediately.

For product repackaging and labelling services, we follow stringent guidelines given to us by the suppliers and our own quality control system to ensure cleanliness of our products. We have posted all these guidelines in the Repackaging and Labelling Office to make sure all staff can follow. Repackaging is done under a dust-free environment where the repackaging and labelling staff need to wear protective gowns, hats and gloves before entering into the repackaging and labelling area. All repackaging containers are disinfected by ultraviolet light. Repackaging machines are serviced or replaced at least once every half year. Our Quality Assurance Officer also conducts periodic checks on the repackaging and labelling processes to ensure these guidelines are strictly followed, the labelling are correct and are in compliance with the relevant laws.

In recognition for our service excellence, the Company’s repackaging service of skin care products was certified by Hong Kong Quality Assurance Agency (“HKQAA”) with the ISO 9001:2015 certificate, during which HKQAA also conduct checking every half a year to ensure compliance. We have also registered as a food importer/distributor of the Food and Environmental Hygiene Department in accordance with the Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from product quality, the quality of our employees is also a crucial element of our Company's quality assurance framework. Through our comprehensive recruitment process, we ensure our employees are sufficiently qualified and experienced. As mentioned in the previous section, we provide numerous trainings to our employees to ensure that they have the latest product knowledge and the soft skills required to serve our customers well, as well as providing a wide range of staff benefits, promotion and internal transfer opportunities to retain and reward our best employees.

There was no product recall during the Reporting Period (2019: nil).

Advertising of products

We advertise on traditional as well as on digital platforms such as our website and our Facebook page on a regular basis to keep our customers well-informed with accurate and comprehensive information about our products and the latest trend in health and skincare. We have a team of dedicated marketing professionals to ensure that these advertisements and any other content published by the Company are appropriate and in compliance with the relevant laws such as the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), by regularly checking our published contents do not contain any false statement or misleading information.

Complaint Handling

We treat all complaints seriously and view them as means to consistently improve the quality of our services and the products we offer. Customers or other stakeholders can visit any of our stores or email us should there be any issue with our product or service. Customer service staff will take immediate action upon receipt of any request, resolve or follow up the request until resolution, offer replacement or refund according to the Company's policies where appropriate. We have a Facebook page which also handle complaints from customers and other stakeholders.

During the Reporting Period we have not received any significant complaints (2019: nil).

Protection of Intellectual Property

The Company respects and protects intellectual property rights. Our Company has taken active steps to protect our trademarks and other intellectual property rights by making the necessary filing of claims and registration of trademarks. We rely on our trademarks and other intellectual property rights, including trade names, website, domain names which are either owned or registered by us. We are the registered owner of thirteen trademarks, including "mi ming mart", "MI MING MART", "袁彌明生活百貨" and "彌明生活百貨", which are pertinent to the ordinary course of our business operations.

To protect our customers, we will notify suppliers when we are aware of counterfeit products and smuggled products in the market and will discuss and work closely with suppliers to determine the course of actions to be taken.

We believe that we have taken all reasonable measures to prevent ourselves from infringing intellectual property rights of others, and others from infringing our intellectual property rights. During the Reporting Period, we have not engaged in and have not been threatened with any claim for infringement of any intellectual property rights (2019: Nil).



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Privacy and Protection

We recognize the importance of privacy of information of our suppliers, customers and other third-parties. The Company has implemented various information security programmes to protect and to ensure privacy and confidentiality of data and compliance with data protection laws and regulations. Through these programmes, our employees are bound by the terms of their employment contracts to ensure that confidential information is properly protected and kept in strict confidence. Information that has come to the possession of our employees as a result of their employment with us will not be disclosed without the prior approval of the designated officer(s) of our Company. These information security programmes also prevent misappropriation and misuse of confidential information. We prohibit unauthorized copying, dissemination or disclosure of confidential information which includes the identities and transaction records of customers. Serious consequences will ensue in case of breach of our data protection policies, which may include termination of employment and/or taking of legal action against the culprits.

The Company is committed to complying with the relevant laws and regulations on customer data protection and privacy. We are subject to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) which restricts the use of personal data of customers collected by us for specific purposes. We will obtain consent from customers before we collect personal information, use them only for their intended purpose, and destroy them when they are no longer required.

During the Reporting Period, the Group has no significant incident or complaint with regards to data privacy (2019: nil).

Aspect B7: Anti-corruption

The Company is committed to adhering to the highest ethical standards and maintaining a corporate culture of integrity and fairness by preventing, detecting and reporting all types of corrupted and fraudulent practices, such as bribes, kickbacks, favouritisms, money-laundering, etc. and is committed to complying with the laws and regulations in relation to the prevention of bribery which includes the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

We have established and stipulated in our staff handbook effective anti-corruption policies and procedures, including but not limited to, declaration of conflicts of interests, whistle-blowing procedures, guidelines on the giving and taking of money and money-in-kind. Through the establishment of these policies, we encourage all employees to discharge their duties and conduct themselves in compliance with laws and regulations and to do so with integrity and honesty. Furthermore, similar to compliant handling procedures as described in the previous section, employees and any stakeholders can also utilise these complaint channels to file complaints personally or anonymously to the Company.

The Company's disclosure policy requires its employees to report gifts, entertainment and travel acceptance while conducting business on behalf of the Company and to manage such gifts and entertainment provided by business associates according to Company guidelines.

The Company takes these matters very seriously and as stipulated in the staff handbook any employee in violation will be subject to severe disciplinary actions, including summary dismissal and/or legal action.

During the Reporting Period, there was neither legal case regarding corrupt practices, nor any case of corruption found by or reported to the Group (2019: Nil).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR COMMUNITY

Aspect B8: Community Investment

The Company is committed to be a socially responsible corporation by improving the well-being and contributing to the development of an ESG conscious community to support our sustainable growth in the future. The Company encourages staff to contribute their time and efforts in participating in local community activities and events. The Company supports their charitable effort by compensating them with paid leave of absent. The community investment events during the Reporting Period include in the following areas:

Climate change

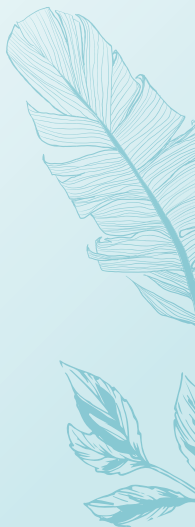
- Our stores launched the “Save Amazon Campaign” in September 2019 and donated approximately HKD133,500 (equivalent to USD17,629) to help rescue the Amazon rainforest that was affected by wildfires. We also took this opportunity to raise customers’ awareness to the devastating situation in the Amazon rainforest and share the desire to end deforestation.

Animals saving

- We donated to Animal Friends Limited, a non-profit charity organization that provides care and needed treatment to stray dogs and cats.
- We sold rattle tickets on behalf of the Society for Abandoned Animals Limited, which focuses on helping stray animals and pets and promote their welfare.

Health

- We participated in the Pink October Campaign organized by the Hong Kong Hereditary Breast Cancer Family Registry Limited and donated HKD91,000 to support the National Breast Cancer Awareness Month.






REPORT OF THE DIRECTORS

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2020.

GROUP REORGANISATION AND SHARE OFFER



The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 4 November 2016.

Pursuant to a reorganisation in preparation for the Listing, the Company became the holding company of the Group. Details of the reorganisation are set out in the Prospectus. The Company's shares were listed on the GEM on 12 February 2018 by way of share offer.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the retail of multi-brand beauty and health products in Hong Kong. The principal activities and other particulars of the subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2020 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The Group complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the SFO for the disclosure of information and corporate governance.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Strategic risks

We rely on the market recognition of our brand "MI MING MART" ("彌明生活百貨") for offering quality beauty and health products and any damage to our brand name could materially and adversely affect our business

We have limited product breadth as compared to other retailers in the Hong Kong skincare and cosmetics multi-brand specialty retailers market

The changes in consumer spending patterns and ineffectiveness of promotional activities could materially and adversely affect our business

Operational Risks

We rely on major suppliers for the supply of branded beauty and health products

We rely on our Board members and senior management staff, and their departure would adversely affect our operations and business

The outbreak of COVID-19 worldwide may significantly and adversely impact our Group's business and financial performance. As such, we may be subject to the risk of inventory obsolescence

Financial risks

An analysis of the Group's financial risk and corresponding management objectives and policies are provided in note 32 to the consolidated financial statements.

Compliance risks

No material risks identified

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of our employees by providing comprehensive benefit package, career development opportunities and internal training tailored for individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year.

The Group encompasses good working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The relevant departments of the Group work closely to make sure that the tender and procurement process is conducted in an open, fair and just manner.





REPORT OF THE DIRECTORS

Apart from the conventional way of customer interaction on a face-to-face basis at our retail stores, we also interact with our customers through online media and social networking platforms. We keep our customers posted about our product offerings by updating our product portfolio, and our latest marketing and promotional initiatives through our website from time to time. We post videos on online media and popular social networking platforms as well as our online shop, whereby the usage of our products, their ingredients and functions can be instilled to our existing and potential customers. Through such interactive online media and social networking platforms, we are able to obtain first-hand feedback from our customers and provide them with our instant response, which in turn enhances our interaction with them, optimises their shopping satisfaction and allows us to reach out to more potential customers.

In view of the above and as at the date of the annual report, there is no circumstances or any event which will cause a significant impact on the Group's business on which the Group's success depends.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board did not recommend the payment of any final dividend for the year ended 31 March 2020 (2019: HK 0.6 cent per ordinary share, in an aggregate amount of approximately HK\$6.7 million).

MAJOR CUSTOMERS AND SUPPLIERS

Owing to the nature of our business, for the year ended 31 March 2020, our customers were mainly retail customers consisting of individuals from the general public, a few bulk purchase customers as well as the distributors. For the year ended 31 March 2020, revenue from our largest and top five largest customers who had been registered under our membership programme (inclusive of the bulk purchase customers and the distributors) was approximately 5.1% and 9.9% of our total revenue, respectively. All of our top five customers during the year ended 31 March 2020 are independent third parties.

The aggregate purchases from our Group's largest and top five suppliers accounted for approximately 35.8% and 60.7% of our total purchases for the year ended 31 March 2020, respectively. All of our top five suppliers during the year ended 31 March 2020 are independent third parties. To the best knowledge of the Directors, none of our Directors or any existing shareholder or their respective close associates holds more than 5% of our issued share capital, had any interest in any of our top five suppliers for the year ended 31 March 2020.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 31 March 2020 and the consolidated financial position of the Group as at 31 March 2020 are set out in the consolidated financial statements on pages 88 and 89, respectively.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2020 are set out in the consolidated statement of changes in equity on page 90.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law of the Cayman Islands, share premium, which was partially offset by the accumulated loss of the Company, are distributable to the Shareholders. As at 31 March 2020, the Company's reserves available for distribution to the Shareholders amounted to approximately HK\$41.7 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

DONATIONS

During the year ended 31 March 2020, the Group has made charitable donations amounted to approximately HK\$209,000 in aggregate (2019: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2020 and up to the date of this report are:

Executive Directors

- Ms. Yuen Mi Ming Erica (*Chairlady and Chief Executive Officer*)
- Ms. Yuen Mimi Mi Wahng

Non-executive Directors

- Mr. Cheung Siu Hon Ronald
- Mr. Lam Yue Yeung Anthony

Independent non-executive Directors

- Ms. Chan Sze Lai Celine
- Ms. Hung Yuen Wa (*appointed on 16 December 2019*)
- Ms. Shum Wai Sze (*resigned on 16 December 2019*)
- Ms. Tsang Wing Yee


Biographical information of the Directors and senior management of the Group are set out from pages 31 to 35 of this annual report.





REPORT OF THE DIRECTORS

Pursuant to article 108(a) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. In addition, pursuant to article 112 of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company.



Accordingly, Mr. Cheung Siu Hon Ronald, Mr. Lam Yue Yeung Anthony and Ms Hung Yuen Wa (appointed by the Board on 16 December 2019 and whose appointment will end at the forthcoming Annual General Meeting), will retire but being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from Listing Date, and renewable automatically for successive terms for one year, and will continue thereafter until terminated by either party giving not less than three months' notice in writing.

Each of the Non-executive Directors and Independent Non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the Listing Date or date of appointment, which can be terminated by either party giving not less than one month's notice in writing.

The service agreements and appointment letters mentioned above may be terminated in accordance with the terms and are subject to termination provisions therein and retirement and re-election at annual general meetings in accordance with the Articles or any other applicable laws from time to time whereby he/she shall vacate his/her office.

None of the Directors proposed for re-election at the forthcoming AGM has entered into any service agreement or appointment letter with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year ended 31 March 2020.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of this annual report, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are set out as follows:

(I) Interests in the shares of the Company

Name of Director	Capacity/ nature of interest	Number of Shares interested <i>(Note 1)</i>	Percentage of shareholding in the Company
Ms. Yuen Mi Ming Erica <i>(Note 2)</i>	Interest in controlled corporation	780,000,000 (L)	69.6%
Mr. Lam Yue Yeung Anthony <i>(Note 3)</i>	Interest of spouse	780,000,000 (L)	69.6%

(II) Interests in the shares of the associated corporation of the Company

Name of Director	Capacity/ nature of interest	Name of associated corporation	Number of shares interested <i>(Note 1)</i>	Percentage of shareholding in the associated company
Ms. Yuen Mi Ming Erica	Beneficial owner	Prime Era Holdings Limited	1 (L)	100%

Notes:

- (1) The letter "L" denotes long position in the relevant share interests.
- (2) Prime Era Holdings Limited held direct interests of 780,000,000 Shares. Prime Era Holdings Limited is wholly and beneficially owned by Ms. Yuen Mi Ming Erica. Therefore, Ms. Yuen Mi Ming Erica is deemed to be interested in all the Shares held by Prime Era Holdings Limited under the SFO.
- (3) Mr. Lam Yue Yeung Anthony is the spouse of Ms. Yuen Mi Ming Erica. Mr. Lam Yue Yeung Anthony is deemed to be interested in the same number of Shares in which Ms. Yuen Mi Ming Erica is interested by virtue of the SFO.



REPORT OF THE DIRECTORS

Save as disclosed above, as at the date of this report, none of the Directors or chief executive of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year and up to the date of this annual report was the Company, or its holding company or its subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures, of the Company or its associated corporations (with the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this annual report, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares which would have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares:

Name of shareholder	Capacity/ nature of interest	Number of Shares held <i>(Note 1)</i>	Percentage of shareholding in the Company
Prime Era Holdings Limited <i>(Note 2)</i>	Beneficial owner	780,000,000 (L)	69.6%

Notes:

- (1) The letter "L" denotes the long position in the share interest.
- (2) Prime Era Holdings Limited is wholly and beneficially owned by Ms. Yuen Mi Ming Erica. She is deemed to be interested in all the Shares held by Prime Era Holdings Limited under the SFO.

Save as disclosed above, as at the date of this report, none of the Directors is aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above) who had any interest or short position in the Shares or underlying Shares which would have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 31 March 2020.

SHARE OPTION SCHEME


The Company has adopted a share option scheme on 23 January 2018 (the “Scheme”) as approved by a resolution of the sole shareholder passed on 23 January 2018.

Details of the Scheme are as follows:

- | | | |
|----|--|--|
| 1. | Purpose of the Scheme | The Scheme enables our Company to grant share options to eligible persons as incentives or rewards for their contributions to our Group. |
| 2. | Eligible persons to the Scheme | <p>The Board may at its discretion grant options pursuant to the terms of this Scheme to: (i) any director, full-time or part-time employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which a member of the Group holds interest or a subsidiary of such company (the “Affiliate”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company wholly and beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.</p> <p>The basis of eligibility shall be determined by the Board from time to time.</p> |
| 3. | Maximum number of shares available for the Scheme and percentage to the issued shares as at the date of this annual report | 112,000,000 shares (equivalent to 10% of the total number of shares in issue as at the Listing Date). |
| 4. | Maximum entitlement of each participant under the Scheme | The total number of Shares issued and to be issued upon exercise of the options granted to a participant under this scheme or any other share option schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares from time to time in issue. Any further grant of share option in excess of such limit must be separately approved by the shareholders in general meeting. |



REPORT OF THE DIRECTORS

- 
- | | | |
|----|---|---|
| 5. | The period within which the shares must be exercise under an option | A period which shall not be more than ten (10) years from the date of the grant of option and subject to the provisions for lapse of option as contained in the Scheme. |
| 6. | The minimum period for which an option must be held before it can be exercised | Unless otherwise determined by the Board, there is no performance target required to be achieved and no minimum period required under the Scheme for the holding of an option before it can be exercised. |
| 7. | The amount payable on application or acceptance of the option and the period offered for acceptance | Upon acceptance of the option, the eligible person shall pay HK\$1.00 (or such other nominal sum in any currency as the Board may determine) to our Company as consideration for the grant thereof. The share option offer shall be offered for acceptance by the eligible person concerned for a period not less than 5 business days from the date on which the offer is made, except for any offer which is made within last 5 business days of the life of this share option scheme, the offer shall remain open for acceptance on a business day by the eligible person concerned for a period of not longer than the remaining life of this scheme. |
| 8. | The basis of determining the exercise price | <p>Being determine by the Board and shall be a least the highest of:</p> <ul style="list-style-type: none"> (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant of the options; and (c) the nominal value of a share on the offer date. |
| 9. | The remaining life of the Scheme | The Scheme is valid and effective for a period of ten (10) years commencing on the Listing Date. |

No share option has been granted under the Scheme since its adoption and up to the date of this annual report.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 March 2020, in addition to the related party transactions as disclosed in note 30 to the consolidated financial statements, the Group entered into an agreement constitute exempted continuing connected transactions of the Company under Rule 20.74 of the GEM Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the public float required by the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions and Continuing Connected Transactions" in this annual report, no transaction, arrangement or contract of significance to which the Company, or its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2020, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.





REPORT OF THE DIRECTORS

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

In order to protect the Group's interest in its business activities, on 23 January 2018, each of Prime Era Holdings Limited and Ms. Yuen Mi Ming Erica, the controlling shareholders of the Company (the "Controlling Shareholders") as covenants (each of them, a "Covenantor" and collectively, the "Covenantors") executed a Deed of Non-competition in favour of our Company (for itself and as trustee for each of its subsidiaries).

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earlier of (i) the date on which the Shares cease to be listed on the GEM; or (ii) the date on which the Covenantors and her/its close associates ceases to be entitled to exercise or control the exercise of 30% in aggregate of the voting power at general meetings of the Company:

She/it will not, and will use her/its best endeavours to procure any Covenantor, her/its close associates and any company directly or indirectly controlled by the Covenantor not to, either on her/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the Business.

The Company has received a confirmation from the Controlling Shareholders on their compliance with the Deed of Non-competition from the Listing Date to the date of this annual report.

Details of the undertaking has been set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

BANK BORROWING

The Group did not have bank borrowing as at 31 March 2020 (2019: nil).

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

Details of contributions to the retirement benefits scheme of the Group are set out in note 29 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary section on page 144 of this report.

USE OF PROCEEDS

The net proceeds from the share offer were approximately HK\$45.7 million and will be used as per the Group's planned use of proceeds as stated in the Prospectus and the Announcement. The Directors are not aware of any material change to its plan on the use of proceeds as stated in the Prospectus and the Announcement.

For details, please refer to the paragraph headed "Use of Proceeds" in the "Management Discussion and Analysis" section of this annual report.

INTEREST OF COMPLIANCE ADVISER

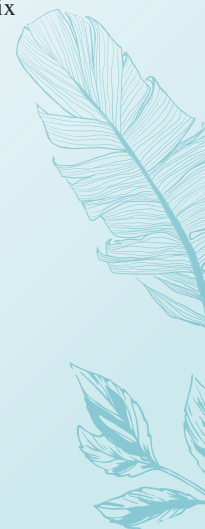
Neither Kingston Corporate Finance Limited, the Compliance Adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

ANNUAL GENERAL MEETING

The AGM has been scheduled to be held on Tuesday, 18 August 2020. A notice convening the AGM will be issued and despatched to the Shareholders on Tuesday, 30 June 2020.

AUDITOR

The consolidated financial statements for the year ended 31 March 2020 were audited by Messrs. Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the forthcoming AGM.





REPORT OF THE DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group.



ENVIRONMENTAL POLICY AND SOCIAL RESPONSIBILITY

The Group understands the importance of environmental sustainability and protection and has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. Please refer to the ESG Report on pages 50 to 69 for details of our ESG performance.

By order of the Board
Yuen Mi Ming Erica
Chairlady

22 June 2020

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF MI MING MART HOLDINGS LIMITED

彌明生活百貨控股有限公司

(incorporated in the Cayman Islands with limited liability)

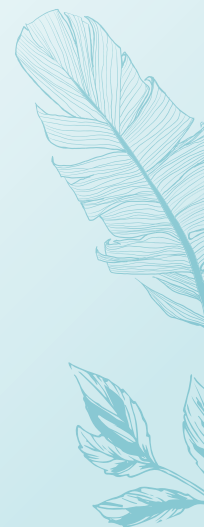
Opinion

We have audited the consolidated financial statements of Mi Ming Mart Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 88 to 143, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="199 664 710 692"><i>Assessment of net realisable value of inventories</i></p> <p data-bbox="199 707 778 873">We identified the assessment of net realisable value of inventories as a key audit matter due to the significant judgments involved in the determination of the net realisable value of the inventories by the management of the Group.</p> <p data-bbox="199 916 778 1185">As disclosed in note 4 to the consolidated financial statements, allowance for inventories is estimated based on an assessment of the net realisable value of inventories by the management. In determining the net realisable value of the inventories, the management considers the inventory ageing analysis, current market conditions, marketing and promotion plans, historical sales records and subsequent sales of the inventories.</p> <p data-bbox="199 1228 778 1325">The carrying amount of the inventories balances as at 31 March 2020 was HK\$12,000,000 and there is no allowance for inventories as at 31 March 2020.</p>	<p data-bbox="805 707 1394 765">Our procedures in relation to assessment of net realisable value of inventories included:</p> <ul data-bbox="805 808 1394 1496" style="list-style-type: none"> <li data-bbox="805 808 1394 1078">• Obtaining an understanding from the management on how the allowance for inventories is estimated and the net realisable value of the inventories is determined including understanding the key controls of the Group on identifying aged or obsolete, slow-moving or out-of-season inventories that are no longer suitable for sale in the market; <li data-bbox="805 1121 1394 1261">• Assessing the reasonableness of the net realisable value of the inventories based on inventory ageing analysis, marketing and promotion plans and subsequent sales of the inventories; <li data-bbox="805 1304 1394 1390">• Testing the accuracy of the inventory ageing analysis, on a sample basis, to goods received notes; and <li data-bbox="805 1433 1394 1496">• Testing the subsequent sales, on a sample basis, to the sales invoices.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.





INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Woo King Wa.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 June 2020



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue	5	142,465	149,705
Cost of sales		(51,048)	(56,204)
Gross profit		91,417	93,501
Other income, gains and losses		243	195
Selling and distribution expenses		(34,637)	(33,343)
Administrative and operating expenses		(35,508)	(26,906)
Interest expense on lease liabilities		(788)	–
Profit before tax	7	20,727	33,447
Income tax expense	8	(4,875)	(5,820)
Profit and total comprehensive income for the year		15,852	27,627
Basic earnings per share (HK cents)	10	1.42	2.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment	12	33,007	2,711
Right-of-use assets	13	10,421	–
Deferred tax assets	14	619	505
Deposits paid for acquisition of assets	15	1,140	2,878
Other non-current assets	16	2,385	3,712
		47,572	9,806
Current assets			
Inventories	17	12,000	10,252
Trade receivables	18	720	1,570
Deposits, prepayments and other receivables	19	4,766	4,056
Pledged bank deposits	20	3,243	3,224
Bank balances and cash	20	77,037	98,154
		97,766	117,256
Current liabilities			
Trade payables	21	1,681	2,036
Accrued expenses and other payables	22	6,625	6,693
Contract liabilities	23	609	323
Refund liabilities	24	189	–
Lease liabilities	25	8,532	–
Tax payable		528	2,064
		18,164	11,116
Net current assets		79,602	106,140
Total assets less current liabilities		127,174	115,946
Non-current liability			
Lease liabilities	25	2,096	–
Net assets		125,078	115,946
Capital and reserves			
Share capital	26	11,200	11,200
Reserves		113,878	104,746
		125,078	115,946

The consolidated financial statements on pages 88 to 143 were approved and authorised for issue by the Board of Directors on 22 June 2020 and are signed on its behalf by:

Yuen Mi Ming Erica
DIRECTOR

Yuen Mimi Mi Wahng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2018	11,200	91,927	(37,316)	32,588	98,399
Profit and total comprehensive income for the year	–	–	–	27,627	27,627
Dividend recognised as distribution (note 11)	–	(10,080)	–	–	(10,080)
At 31 March 2019	11,200	81,847	(37,316)	60,215	115,946
Profit and total comprehensive income for the year	–	–	–	15,852	15,852
Dividend recognised as distribution (note 11)	–	(6,720)	–	–	(6,720)
At 31 March 2020	11,200	75,127	(37,316)	76,067	125,078

Note: The merger reserve represents the difference between the total equity of those subsidiaries acquired and the nominal value of share capital issued by the Company pursuant to the group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
OPERATING ACTIVITIES			
Profit before tax		20,727	33,447
Adjustments for:			
Depreciation of property, plant and equipment		3,761	2,394
Depreciation of right-of-use assets		13,051	–
Interest income		(1,175)	(720)
Gain on disposal of property, plant and equipment		(75)	(124)
Interest expense on lease liabilities		788	–
Operating cash flows before movements in working capital		37,077	34,997
Increase in inventories		(1,748)	(1,091)
Decrease (increase) in trade receivables		850	(509)
Decrease (increase) in deposits, prepayments and other receivables		454	(1,173)
(Decrease) increase in trade payables		(355)	430
(Decrease) increase in accrued expenses and other payables		(523)	2,297
Increase (decrease) in contract liabilities		286	(145)
Increase in refund liabilities		189	–
Cash generated from operations		36,230	34,806
Hong Kong Profits Tax paid		(6,525)	(5,003)
NET CASH FROM OPERATING ACTIVITIES		29,705	29,803
INVESTING ACTIVITIES			
Payment for acquisition of an asset through acquisition of a subsidiary	15	(25,933)	(2,878)
Purchase of property, plant and equipment		(5,277)	(2,620)
Deposits paid for acquisition of assets		(1,140)	–
Payments for rental deposits		(474)	–
Placement on pledged bank deposit		(19)	(9)
Interest received		1,175	720
Refunds of rental deposits		668	–
Proceeds from disposal of property, plant and equipment		75	128
NET CASH USED IN INVESTING ACTIVITIES		(30,925)	(4,659)
FINANCING ACTIVITIES			
Repayment of lease liabilities		(12,389)	–
Dividend paid		(6,720)	(10,080)
Interest paid		(788)	–
CASH USED IN FINANCING ACTIVITIES		(19,897)	(10,080)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(21,117)	15,064
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		98,154	83,090
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		77,037	98,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

Mi Ming Mart Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 4 November 2016 and its shares have been listed on the GEM of the Stock Exchange. Its immediate and ultimate holding company is Prime Era Holdings Limited (“Prime Era”), a private limited company incorporated in the British Virgin Islands (“BVI”). The address of the registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is 16th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group applied HKFRS 16 from 1 April 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application. Right-of-use assets relating to the Group’s operating leases are measured at the amount of lease liabilities on initial application by applying HKFRS 16.C8(b)(ii) transition.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- (ii) excluded initial direct costs for measurement of the right-of-use assets at the date of initial application; and
- (iii) the use of hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Company’s leases with extension and termination options.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 “Leases” (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied was 5.375% per annum.

	At 1 April 2019 HK\$'000
Operating lease commitments at 31 March 2019	20,897
Lease liabilities discounted at relevant incremental borrowing rate and recognised as right-of-use assets upon application of HKFRS 16 as at 1 April 2019	17,683

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
Non-current Asset			
Right-of-use assets	–	17,683	17,683
Current Liability			
Lease liabilities	–	10,591	10,591
Non-current Liability			
Lease liabilities	–	7,092	7,092

Note:

For the purpose of reporting cash flows from operating activities under the indirect method for the year ended 31 March 2020, movements in working capital have been computed based on the opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business ²
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 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

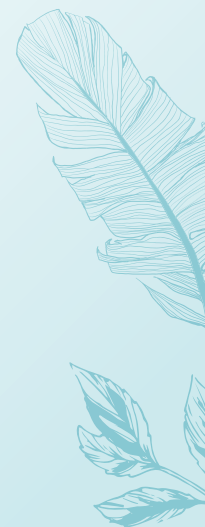
³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the “Amendments to References to the Conceptual Framework in HKFRS Standards”, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Amendment to HKFRS 16 “Covid-19 - Related Rent Concessions”

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The directors of the Company anticipate that the application of Amendments to HKFRS 16 will have no material impact on the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

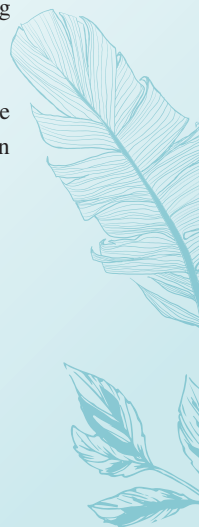
- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.






NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price)



For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return

For a sale of products with a right of return, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);
- (b) a refund liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Accounting for unredeemed loyalty stamps under customer loyalty programme

The unredeemed loyalty stamps under customer loyalty programme are recorded as contract liabilities, and only reflect the value that is expected to be redeemed. The Group estimated the value that is expected to be redeemed with reference to historical experience under customer loyalty programme. Revenue is recognised when the stamps are redeemed.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative standalone prices.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

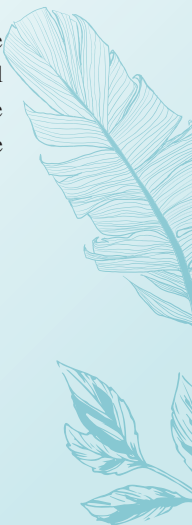
Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Purchase rebates

Incentive rebates provided by vendors are recognised on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract. Incentive rebates relating to the goods purchased and sold are deducted from cost of sales, while incentive rebates relating to the goods purchased but still held as inventories at the reporting date are deducted from the carrying value of such inventories so that the cost of inventories is recorded net of applicable rebates.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

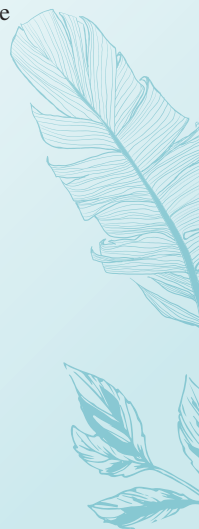
The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” (upon application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories represent mainly finished goods held for resale (including packaged and unpackaged goods) and are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, rental deposits, pledged bank deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification of debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

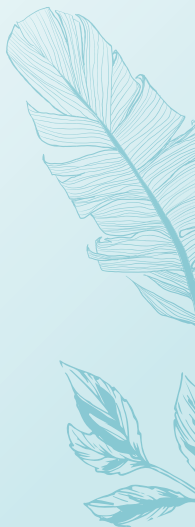
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the following twelve months.

Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Judgment and estimates are required based on the condition and marketability of the inventories. Allowance for inventories is estimated based on an assessment of the net realisable value of inventories by the management. In determining the net realisable value of the inventories, the management considers the inventory ageing analysis, current market conditions, marketing and promotion plans, historical sales records and subsequent sales of the inventories. If the net realisable value of the inventories of the Group are less than cost of inventories, additional allowance may be required. As at 31 March 2020, the carrying amount of inventories is HK\$12,000,000 (2019: HK\$10,252,000), and there is no allowance for inventories (2019: nil).

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test. As at 31 March 2020, the carrying amounts of right-of-use assets and property, plant and equipment are HK\$10,421,000 and HK\$33,007,000 (2019: nil and HK\$2,711,000), respectively, and there is no impairment losses recognised in respect of right-of-use assets and property, plant and equipment (2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5. REVENUE

	2020 HK\$'000	2019 HK\$'000
Sales of goods		
Retail stores	127,061	133,871
Online shop	10,972	9,779
Consignment sales	2,367	1,404
Distributors	1,743	4,191
Subtotal	142,143	149,245
Consignment commission		
Retail stores	318	457
Online shop	4	3
Subtotal	322	460
Total	142,465	149,705

Performance obligation for contracts with customers

All revenue generated by the Group are recognised at a point in time as described below.

Sales of goods

The Group sells a wide range of beauty and health products to the distributors and directly to customers both through its own retail outlets and through online sales.

For sales of goods to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the distributors' specific location (delivery). Following delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 days upon delivery. Starting from the current year, the Group allows one of the distributors an unconditional right of return for the goods purchased for a certain period prior to product expiry. Revenue recognised for sales to this distributor is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. A refund liability is recognised for billings of goods delivered to this distributor, of which revenue is constrained, not recognised and estimated to be refunded.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5. REVENUE (continued)

Sales of goods (continued)

For sales of goods to bulk purchase customers, revenue is recognised when control of the goods has transferred, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases from the Group, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

For online sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Consignment commission income

The Group provides consignment sales services to customers. Such services are recognised at a point in time when the services rendered.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	Customer loyalty programme	
	2020 HK\$'000	2019 HK\$'000
Within one year	203	116

The customer loyalty stamps are effective for 6 months from the date of issuance. The amount disclosed above represent the Group's expectation on the timing of redemption made by customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

6. SEGMENT INFORMATION

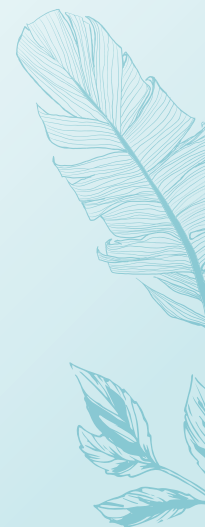
The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive directors of the Company) (the “CODM”), for the purpose of resource allocation and performance assessment, which is the aggregate results of the Group including all income, expenses (excluding the legal and professional expenses for the proposed transfer of listing of the shares of the Company from GEM to Main Board of the Stock Exchange (“Transfer Listing Expenses”) and tax charges). As a result, there is only one operating and reporting segment of the Group.

The following is an analysis of the Group’s revenue and results by its operating segment – marketing, selling and distributing a wide range of beauty and health products.

	2020 HK\$’000	2019 HK\$’000
Revenue – external sales	142,465	149,705
Segment results	22,893	27,627
Less:		
Transfer Listing Expenses	(7,041)	–
Profit for the year	15,852	27,627

The accounting policies of the operating segments are the same as the Group’s accounting policies described in note 3. Segment results represents profit earned from each segment without allocation of Transfer Listing Expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

6. SEGMENT INFORMATION (continued)

Revenue from major products and service

The following is an analysis of the Group's revenue from its major products and service:

	2020 HK\$'000	2019 HK\$'000
Skincare	105,573	110,984
Cosmetics	12,472	13,845
Food and health supplements	15,772	16,201
Other products	8,326	8,215
Consignment sales service	322	460
Total	142,465	149,705

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets are located in Hong Kong and over 99% (2019: 99%) of the Group's revenue from external customers during the year ended 31 March 2020 are generated in Hong Kong.

Information about major customers

No revenue from a single customer of the Group contributed over 10% of the total revenue of the Group during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

7. PROFIT BEFORE TAX

	2020 HK\$'000	2019 HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Directors' remuneration (note 9)	4,896	5,196
Other staff salaries and allowances	23,550	21,756
Retirement benefit scheme contributions, excluding those of directors	988	953
Total employee benefits expenses	29,434	27,905
Auditor's remuneration		
– Audit services		
– current year	1,000	1,120
– under-provision for prior year	23	22
– Non-audit services	1,042	30
Depreciation of property, plant and equipment	3,761	2,394
Depreciation of right-of-use assets	13,051	–
Gain on disposal of property, plant and equipment	(75)	(124)
Cost of inventories recognised as expenses (included in cost of sales)	49,674	55,619
Exchange loss (included in other income, gains and losses)	1,126	685
Transfer Listing Expenses	7,041	–
Interest income	(1,175)	(720)

8. INCOME TAX EXPENSE

	2020 HK\$'000	2019 HK\$'000
Hong Kong Profits Tax		
– Current year	4,992	5,935
– Overprovision in prior years	(3)	(66)
Deferred taxation (note 14)	4,989	5,869
	(114)	(49)
	4,875	5,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

8. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK\$'000	2019 HK\$'000
Profit before tax	20,727	33,447
Tax at Hong Kong Profits Tax rate of 16.5%	3,420	5,519
Tax effect of expenses not deductible for tax purpose	1,813	533
Tax effect of income not taxable for tax purpose	(190)	(1)
Tax effect of two-tiered profits tax rate regime	(165)	(165)
Overprovision in prior years	(3)	(66)
Income tax expense	4,875	5,820

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for both years and only one subsidiary in the Group could elect for the two-tiered rates regime and the election, once made, is irrevocable.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's deferred tax position is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Group (including emoluments for services as directors or senior management of the group entities prior to becoming directors of the Company) during the year are as follows:

For the year ended 31 March 2020

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Performance related incentive payments HK\$'000 (note)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive Directors					
Ms. Yuen Mimi Wahng* ("Ms. Mimi Yuen")	–	1,950	150	18	2,118
Ms. Yuen Mi Ming Erica* ("Ms. Erica Yuen")	–	1,950	150	18	2,118
Non-executive Directors					
Mr. Lam Yue Yeung Anthony ("Mr. Anthony Lam")	120	–	–	–	120
Mr. Cheung Siu Hon Ronald ("Mr. Ronald Cheung")	120	–	–	–	120
Independent Non-executive Directors					
Ms. Chan Sze Lai Celine ("Ms. Celine Chan")	120	–	–	–	120
Ms. Shum Wai Sze [#]	85	–	–	–	85
Ms. Tsang Wing Yee	180	–	–	–	180
Ms. Hung Yuen Wa ^Δ	35	–	–	–	35
	660	3,900	300	36	4,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 March 2019

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Performance related incentive payments HK\$'000 (note)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive Directors					
Ms. Mimi Yuen*	–	1,950	300	18	2,268
Ms. Erica Yuen*	–	1,950	300	18	2,268
Non-executive Directors					
Mr. Anthony Lam	120	–	–	–	120
Mr. Ronald Cheung	120	–	–	–	120
Independent Non-executive Directors					
Ms. Celine Chan	120	–	–	–	120
Ms. Shum Wai Sze [#]	120	–	–	–	120
Ms. Tsang Wing Yee	180	–	–	–	180
	660	3,900	600	36	5,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

* The emoluments of executive directors were paid or payable by the Group in their capacity as key management personnel of the Group during both years.

* Resigned on 16 December 2019.

^ Approved on 16 December 2019.

Ms. Erica Yuen is also the chief executive of the Group and her emoluments disclosed above include those for services rendered by her as the chief executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

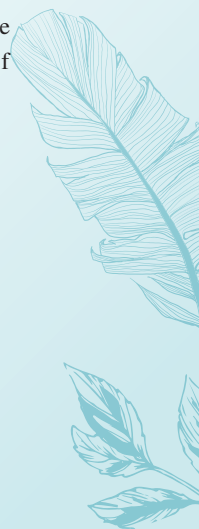
(b) Employees' emoluments

The five highest paid individuals of the Group for both years include two individuals who were directors of the Company. The emoluments of the remaining three highest paid individuals for both years are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other allowances	1,934	1,887
Retirement benefit scheme contributions	54	54
	1,988	1,941

The emoluments of the above highest paid employees were less than HK\$1,000,000 each during both years.

During both years, no emoluments were paid by the Group to any of the directors of the Company, the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or the chief executive of the Group waived any emoluments during both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

10. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2020 HK\$'000	2019 HK\$'000
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	15,852	27,627
	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	1,120,000	1,120,000

No diluted earnings per share was presented for the years ended 31 March 2020 and 2019 as there was no potential dilutive ordinary share in issue during both years.

11. DIVIDENDS

	2020 HK\$'000	2019 HK\$'000
2019 Interim, paid – HK0.9 cent per ordinary share	–	10,080
2019 Final, paid – HK0.6 cent per ordinary share	6,720	–
	6,720	10,080

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

12. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK\$'000	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 April 2018	–	5,408	905	1,480	1,921	9,714
Additions	–	2,025	216	379	–	2,620
Written off/disposal	–	(1,289)	(41)	(260)	(429)	(2,019)
At 31 March 2019	–	6,144	1,080	1,599	1,492	10,315
Additions	–	3,509	361	278	1,129	5,277
Acquisition of an asset through acquisition of a subsidiary (note 15)	28,780	–	–	–	–	28,780
Written off/disposal	–	(748)	–	–	(519)	(1,267)
At 31 March 2020	28,780	8,905	1,441	1,877	2,102	43,105
DEPRECIATION						
At 1 April 2018	–	3,927	558	897	1,843	7,225
Provided for the year	–	1,845	217	254	78	2,394
Eliminated on written off/disposal	–	(1,289)	(41)	(256)	(429)	(2,015)
At 31 March 2019	–	4,483	734	895	1,492	7,604
Provided for the year	799	2,218	253	303	188	3,761
Eliminated on written off/disposal	–	(748)	–	–	(519)	(1,267)
At 31 March 2020	799	5,953	987	1,198	1,161	10,098
CARRYING VALUES						
At 31 March 2020	27,981	2,952	454	679	941	33,007
At 31 March 2019	–	1,661	346	704	–	2,711

The Group's owned properties are located in Hong Kong.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	Over the lease term
Leasehold improvements	Over the lease term or 3 years
Computer equipment	30%
Office equipment	20%
Motor vehicles	30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

13. RIGHT-OF-USE ASSETS

	Leasehold buildings HK\$'000
At 1 April 2019	
Carrying amount	17,683
At 31 March 2020	
Carrying amount	10,421
For the year ended 31 March 2020	
Depreciation charge	13,051

During the year ended 31 March 2020, the variable lease payments not included in the measurement of lease liabilities, total cash outflows for leases (including payments of principal and interest portion of lease liabilities, and variable lease payments) and additions to right-of-use assets were HK\$514,000, HK\$13,691,000 and HK\$5,789,000, respectively.

The Group leases various offices, warehouses and retail stores for its operations. Lease contracts are entered into for fixed term of one to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leases of retail stores are charged with fixed lease payments and variable lease payments including payments that are based on 8.5% to 10.0% of sales that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors of retail stores for the year ended 31 March 2020 are as follows:

	Number of stores	Fixed lease payments HK\$'000	Variable lease payments HK\$'000	Total payments HK\$'000
Retail stores without variable lease payments	1	1,597	–	1,597
Retail stores with variable lease payments	9	9,623	514	10,137
	10	11,220	514	11,734

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

13. RIGHT-OF-USE ASSETS (continued)

Restrictions on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

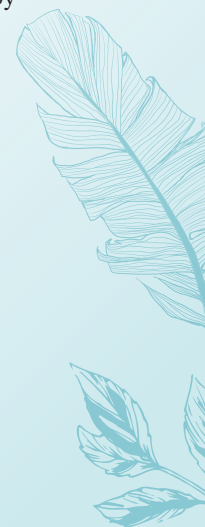
14. DEFERRED TAXATION

The following is the deferred tax assets recognised and movements thereon during both years:

	Accelerated tax/accounting depreciation HK\$'000
At 1 April 2018	456
Credited to profit or loss	49
At 31 March 2019	505
Credited to profit or loss	114
At 31 March 2020	619

15. DEPOSITS PAID FOR ACQUISITION OF ASSETS/ACQUISITION OF ASSET THROUGH ACQUISITION OF SUBSIDIARY

- (a) On 28 February 2019, an indirect wholly-owned subsidiary of the Company, the vendors and the agent entered into a provisional sale and purchase agreement pursuant to which the Group conditionally agreed to purchase and the vendors conditionally agreed to sell the sale shares (being in aggregate the entire issued share capital of CI CI Investment Limited (the “Target Company”)) and sale debt at the consideration of HK\$28,780,000 which was subject to the completion adjustment and the post-completion adjustment (“Acquisition”). The Target Company was principally engaged in property holding and the property was its only asset which was an industrial property. Details of the Acquisition were set out in the circular issued by the Company dated 26 April 2019.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

15. DEPOSITS PAID FOR ACQUISITION OF ASSETS/ACQUISITION OF ASSET THROUGH ACQUISITION OF SUBSIDIARY (continued)

- (a) As at 31 March 2019, an amount of HK\$2,878,000 had been paid as deposits for the Acquisition. The related capital commitments were disclosed in note 28.

During the year ended 31 March 2020, the Acquisition has been completed and the directors of the Company accounted for the Acquisition as acquisition of a subsidiary not constituting a business.

Fair value of assets recognised at the date of acquisition:

	HK\$'000
Net assets acquired:	
Property, plant and equipment	28,780
Deposits and prepayments	31
Net assets	28,811
Consideration	28,811
Net cash outflow arising on acquisition:	
Consideration paid in cash	28,811
Less: Deposits paid in prior year	(2,878)
	25,933

- (b) The deposits as at 31 March 2020 were paid by the Group in connection with the acquisition of certain custom software to be used by the Group.

16. OTHER NON-CURRENT ASSETS

The balances mainly represent rental deposits placed by the Group in connection with its rented premises. The relevant leases will expire after one year from the end of the respective reporting period, or if the remaining lease term is less than one year, the Group has the positive intention to renew the leases upon expiry. Therefore, the balances are classified as non-current.

17. INVENTORIES

Inventories represent finished goods held for resale (including packaged and unpackaged goods) at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

18. TRADE RECEIVABLES

The following is an aged analysis of trade receivables from sales of goods and services presented based on the revenue recognition date at the end of the reporting period.

	2020 HK\$'000	2019 HK\$'000
Within 30 days	686	1,318
31 – 60 days	16	91
61 – 90 days	6	161
Over 90 days	12	–
	720	1,570

As at 1 April 2018, trade receivables from contracts with customers amounted to HK\$1,061,000.

The Group's revenue is generated mainly from cash, credit card sales, cash vouchers from a landlord of retail stores, sales to distributors and consignment sales. The average credit periods on credit cards sales, cash vouchers from a landlord of retail stores, sales to distributors and consignment sales are 2 days, 35 days, 30 days and 30 days, respectively.

As at 31 March 2020, included in the Group's trade receivables balance are primarily debtors from credit card sales, cash vouchers from a landlord of retail stores, consignment sales and sales to distributors, in which the carrying amount of approximately HK\$27,000 (2019: HK\$247,000) are past due as at the reporting date. All the past due balances are not considered as in default because the trade receivables are of good credit quality and those debtors do not have any default payment history. The Group does not hold any collateral over these balances.

Trade receivables on overdue debtors are provided for allowance based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience, if any.

Details of impairment assessment are set out in note 32.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Other receivables	593	93
Rental and utility deposits	2,947	1,672
Prepayments	842	1,607
Accrued purchase rebate from a supplier	–	295
Deposit paid to a supplier	384	389
	4,766	4,056

Details of impairment assessment are set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits with original maturity of more than three months carried interest rate is 0.6% (2019: ranging from 0.25% to 0.6%) per annum as at 31 March 2020. The bank deposits have been pledged to secure the bank facilities of the Group and are classified as current assets.

Bank balances carry interest at prevailing market rate ranging from 0.001% to 2.02% (2019: 0.125% to 2.85%) per annum.

Details of impairment assessment are set out in note 32.

21. TRADE PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2020 HK\$'000	2019 HK\$'000
Within 30 days	1,659	1,930
31 – 60 days	22	106
	1,681	2,036

22. ACCRUED EXPENSES AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Other payables	803	230
Accrued expenses	5,822	6,463
	6,625	6,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

23. CONTRACT LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Advance from customers in sales of goods	406	207
Customer loyalty programme	203	116
	609	323

As at 1 April 2018, contract liabilities amounted to HK\$468,000.

The Group receives certain portions of the contract value as deposits from customers when they entered into the agreement with customers. Contract liabilities represent the receipts in advance from customers which are recognised as revenue at a point in time when the control of the goods are transferred to the customer. During the year ended 31 March 2020, revenue recognised in the current year relating to contract liabilities arising from receipts in advance from customers at the beginning of the year is HK\$207,000 (2019: HK\$108,000).

The Group operates a customer loyalty programme which a stamp will issue to customers when reach certain sales amount in a single transaction with effective period of 6 months from the date of issuance. The directors of the Company estimated the redemption of the stamp with reference to the historical experience. During the year ended 31 March 2020, revenue recognised in the current year related to contract liabilities arising from customer loyalty programme at the beginning of the year is HK\$116,000 (2019: HK\$360,000).

24. REFUND LIABILITIES

The Group allows one of the distributors an unconditional right of return for the goods purchased for a certain period prior to product expiry. Revenue recognised for sales to this distributor is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. A refund liability is recognised for billings of goods delivered to this distributor, of which revenue is constrained, not recognised and estimated to be refunded. As at 31 March 2020, the refund liabilities of the Group amounted to HK\$189,000 (2019: nil).

25. LEASE LIABILITIES

	2020 HK\$'000
Lease liabilities payable:	
Within one year	8,532
Within a period of more than one year but not more than two years	2,096
	10,628
Less: Amounts due for settlement within 12 months shown under current liabilities	(8,532)
Amounts due for settlement after 12 months shown under non-current liabilities	2,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

26. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 2020	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 2020	1,120,000,000	11,200

27. OPERATING LEASE COMMITMENTS

The Group as lessee

Operating lease payments represent rental payable by the Group for its office premises, warehouses and retail stores. Leases are negotiated for a term ranging from one to three years. Certain lease contracts are with contingent rental arrangements dependent upon the level of sales achieved by particular stores.

During the year, the Group made rental payments for rented premises under operating leases as follows:

	2019 HK\$'000
Minimum lease payments	14,305
Contingent rental payments	1,854
	16,159

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2019 HK\$'000
Rented premises	
Within one year	12,714
In the second to fifth year inclusive	8,183
	20,897

In addition to these commitments, the Group may pay additional rental expenses in respect of certain premises which are dependent upon the level of sales achieved by particular stores.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

28. CAPITAL COMMITMENT

	2020 HK\$'000	2019 HK\$'000
Capital expenditure in respect of the acquisition of an asset contracted for but not provided in the consolidated financial statements	–	25,902

29. RETIREMENT BENEFIT SCHEME

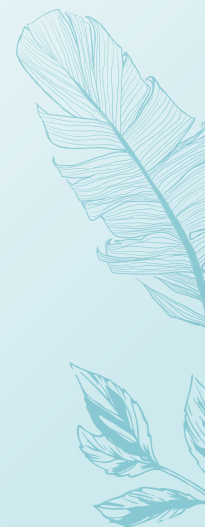
The Group operates the Mandatory Provident Fund (“MPF”) scheme for qualifying employees of the Group in Hong Kong. The assets of the MPF scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes at the lower of HK\$1,500 or 5% of relevant monthly payroll costs to the MPF scheme, which contribution is matched by employees.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

30. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following transactions with its related parties:

Relationship	Nature of transactions	2020 HK\$'000	2019 HK\$'000
Directors of the Company	Sales of finished goods	107	252



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

30. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel of the Company

	2020 HK\$'000	2019 HK\$'000
Salaries, fees and other allowances	5,667	5,617
Performance related incentive payments	592	913
Retirement benefit scheme contributions	72	72
	6,331	6,602

The remuneration of directors and other member of key management personnel of the Company are determined having regard to the performance of the individuals.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of equity of the Group, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

	2020 HK\$'000	2019 HK\$'000
Financial assets		
Financial assets at amortised cost	86,589	103,041
Financial liabilities		
Amortised cost	2,484	2,266

32b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, rental deposits, pledged bank deposits, bank balances and cash and trade and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (represented by interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk – Currency risk

The Group's operational activities are mainly denominated in HK\$. The Group is exposed to foreign currency risk primarily arising from purchase of goods by foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	Assets		Liabilities	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
United States dollars ("USD")	47,712	46,247	298	–
Australian dollars ("AUD")	3,987	8,385	–	560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS (continued)

32b. Financial risk management objectives and policies (continued)

Market risk – Currency risk (continued)

Sensitivity Analysis

Under the pegged exchange rate system, the financial impact arising from changes in exchange rates between HK\$ and USD is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

The following table details the Group's sensitivity to a 10% (2019: 5%) increase and decrease in AUD against HK\$. 10% (2019: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2019: 5%) change in foreign currency rates. There is an increase in post-tax profit for the year where AUD strengthens 10% (2019: 5%) against HK\$. For a 10% (2019: 5%) weakening AUD against HK\$, there would be an equal and opposite impact on the post-tax profit.

	2020 HK\$'000	2019 HK\$'000
Profit for the year	333	327

Market risk – Interest rate risk

The Group is exposed to fair value interest rate risk in relation to interest bearing bank deposit and lease liabilities.

The Group is exposed to cash flow interest rate risk in relation to variable-rate, bank balances and pledged bank deposits. Management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The directors of the Company consider that the Group's exposure to cash flow interest rate risk as a result of the change of market interest rate is insignificant, therefore, no sensitivity analysis is presented.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2020 HK\$'000	2019 HK\$'000
Other income, gains and losses		
Financial assets at amortised cost	1,175	720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS (continued)

32b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, rental deposits, pledged bank deposits and bank balances. In order to minimise the credit risk, the management of the Group has assessed the credibility and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances are limited because the counterparties are banks with high credit ratings.

The Group has assessed that the expected loss rates for pledged bank deposits and bank balances were immaterial. Thus, no loss allowance for pledged bank deposits and bank balances were recognised.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade receivables	Other financial assets
Performing	The counterparty has a low risk of default and has no past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit since initial recognition	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
In default	There is evidence indicating that the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS (continued)

32b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The estimated loss rates are determined based on historical observed default rates over the expected lives of the debtors and are adjusted for forward-looking information, including but not limited to the expected growth rate of the industry, that is available without undue cost or effort.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables are assessed individually for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including the time value of money where appropriate.

In determining the ECL for other receivables and rental deposits, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding other receivables and rental deposits are insignificant.

2020	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
				2020 HK\$'000	2019 HK\$'000
Trade receivables	18	Performing	Lifetime ECL – not credit-impaired	720	1,570
Other receivables	19	Performing	12m ECL	593	93
Rental deposits	16 & 19	Performing	12m ECL	4,997	N/A
Bank balances	20	Performing	12m ECL	76,955	98,044
Pledged bank deposits	20	Performing	12m ECL	3,243	3,224

Liquidity risk

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Group's short term funding and liquidity management requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS (continued)

32b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities and continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2020							
Trade payables	–	1,681	–	–	–	1,681	1,681
Other payables	–	803	–	–	–	803	803
Lease liabilities	5.375	1,101	1,905	5,840	2,135	10,981	10,628
		3,585	1,905	5,840	2,135	13,465	13,112
As at 31 March 2019							
Trade payables	–	2,036	–	–	–	2,036	2,036
Other payables	–	230	–	–	–	230	230
		2,266	–	–	–	2,266	2,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32. FINANCIAL INSTRUMENTS (continued)

32c. Fair value

For financial reporting purpose, fair value measurements are based on the inputs which are unobservable inputs for the asset and liability.

The fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

33. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

The table below details the change in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those from which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable HK\$'000	Lease liabilities HK\$'000
At 1 April 2018	–	–
Financing cash flows	(10,080)	–
Dividend declared	10,080	–
At 31 March 2019	–	–
Adjustment upon application of HKFRS 16 (Note 2)	–	17,683
At 1 April 2019 (restated)	–	17,683
Financing cash flows	(6,720)	(13,177)
New lease entered into/leases modified	–	5,334
Interest expense on lease liabilities	–	788
Dividend declared	6,720	–
At 31 March 2020	–	10,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

34. PARTICULARS OF SUBSIDIARIES

As at 31 March 2020 and 2019, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group		Principal activities
			2020 %	2019 %	
Directly held:					
Rosy Horizon	The BVI	USD4	100	100	Investment holding
Indirectly held:					
Inwell	Hong Kong	HK\$100	100	100	Marketing, selling and distributing a wide range of beauty and health products
Universal Benefits Company Limited	Hong Kong	HK\$100	100	100	Investment holding
CI CI Investment Limited [#]	Hong Kong	HK\$50,000	100	–	Property holding
Mi Ming Investment Limited*	Hong Kong	HK\$1	100	–	Dormant

* The subsidiary incorporated during the year ended 31 March 2020.

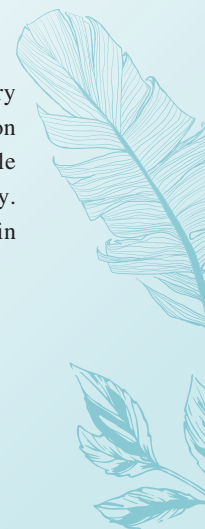
[#] The subsidiary acquired during the year ended 31 March 2020.

None of the subsidiaries of the Company had any debt securities outstanding at the end of or any time during both years.

35. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 23 January 2018 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 22 January 2028. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

35. SHARE-BASED PAYMENT TRANSACTIONS (continued)

At 31 March 2020, no share in respect of which options had been granted and remained outstanding under the Scheme (2019: nil). The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to directors, chief executive and substantial shareholders, or any of their respective associates, in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company is as follows:

	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSET		
Investment in a subsidiary	37,316	37,316
CURRENT ASSETS		
Deposit and prepayments	209	221
Bank balances	47,356	62,537
	47,565	62,758
CURRENT LIABILITIES		
Amount due to a subsidiary	14,259	12,966
Accrued expenses and other payables	540	1,014
	14,799	13,980
NET CURRENT ASSETS	32,766	48,778
NET ASSETS	70,082	86,094
CAPITAL AND RESERVES		
Share capital	11,200	11,200
Reserves (note)	58,882	74,894
	70,082	86,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

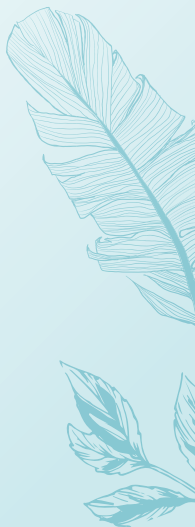
Note:

	Share premium HK\$'000	Other reserve* HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018	91,927	17,226	(21,314)	87,839
Loss for the year	–	–	(2,865)	(2,865)
Dividend recognised as distribution (note 11)	(10,080)	–	–	(10,080)
At 31 March 2019	81,847	17,226	(24,179)	74,894
Loss for the year	–	–	(9,292)	(9,292)
Dividend recognised as distribution (note 11)	(6,720)	–	–	(6,720)
At 31 March 2020	75,127	17,226	(33,471)	58,882

* The amount represents the payment of listing expenses by a company controlled by Ms. Erica Yuen on behalf of the Company without recharge in prior years.

37. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leasehold building ranging from 1 year to 2 years. During the year ended 31 March 2020, the Group recognised HK\$5,789,000 of right-of-use assets, HK\$5,334,000 of lease liabilities and HK\$455,000 of accrued reinstatement costs which included in accrued expenses and other payables.



FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Company's prospectus dated 30 January 2018 is set out below:

RESULTS

	Year ended 31 March				
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000
REVENUE	82,106	103,424	123,397	149,705	142,465
PROFIT BEFORE TAX	21,051	13,255	9,733	33,447	20,727
INCOME TAX EXPENSE	(3,460)	(3,655)	(3,698)	(5,820)	(4,875)
PROFIT FOR THE YEAR	17,591	9,600	6,035	27,627	15,852

ASSETS AND LIABILITIES

	At 31 March				
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000
TOTAL ASSETS	24,029	37,071	106,067	127,062	145,338
TOTAL LIABILITIES	(7,076)	(10,518)	(7,668)	(11,116)	(20,260)
NET ASSETS	16,953	26,553	98,399	115,946	125,078